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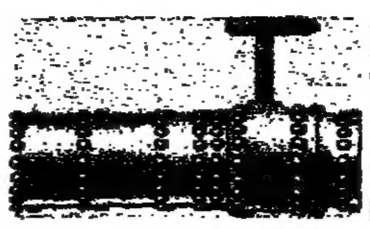

Mountains to cross
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World Business Newspaper

WEDNESDAY MARCH 20 1996

EU backs British plan to prevent riots at Euro 96

The British government is co-ordinating a Europe-wide policing effort to prevent rioting by rival football fans during Euro 96, the soccer championships which Britain is due to host in June. The European Union has backed a plan developed by UK police and government officials over more than two years. Page 14

Michael Jackson in joint venture with Saudi prince

Pop star Michael Jackson and Prince Alwaleed bin Talal bin Abdulaziz, the businessman nephew of King Fahd of Saudi Arabia, announced an "entertainment joint venture" focused on "family values". Jackson said Kingdom Entertainment would become involved in theme parks, hotels, films, recordings, publishing and merchandising. Page 14

Renault, the French vehicles group, blamed a 41 per cent fall in profits, to FFr2.14bn ($420m), on weak European car demand, a model change and unstable currencies. Page 15; Lex, Page 14

GM strike may slow US economy: The strike which has halted virtually all of General Motors' US operations has entered its third week, prompting warnings that the dispute will lead to a noticeable slowdown in US economic growth. Page 4

Lloyd's close to $153m deal: Lloyd's of London is close to agreeing a £100m ($153m) contribution from insurance brokers towards its ambitious recovery plan but faces action from Names, who claim the amount is not enough. Page 8

Michelin, the world's largest tyre manufacturer, more than doubled net income to FFr2.8bn ($563m) last year despite price increases and a slowdown in several markets. Page 17

Lucas links with Sumitomo: UK engineering group Lucas Industries named Sumitomo of Japan as its preferred partner in a move to become one of the world's 10 largest car parts manufacturers. Page 15; Lex, Page 14

Deal on World Bank lending arm: Officials from more than 30 countries have agreed a three-year funding deal for the International Development Association, the World Bank arm which offers highly subsidised loans to poor countries. Page 5

Christopher attacks Russia vote: US secretary of state Warren Christopher denounced the Russian vote revoking the treaty that dissolved the Soviet Union as "highly irresponsible". Page 2

Bayer, the German chemicals and pharmaceuticals group, pledged to improve its record 1995 pre-tax profits of DM2.42bn ($1.63bn) by another 10 per cent this year. Page 16

Euro court condemns Italian rules: The Italian government faces criticism from the European Court of Justice over stock exchange rules which discriminated against foreign securities houses. Page 2

Corruption warning after Manila fire: Philippine safety experts warned that corruption among public officials may lead to more disasters like the Ozone nightclub fire in Manila (above) which killed at least 150 people. Many victims were killed trying to reach the club's single exit. Page 7

Japanese brokers lower forecasts: Japan's medium-sized securities houses have been forced to lower earnings forecasts for the year ending this month after a slow return to the Tokyo stock market by retail investors. Page 19

Indian election dates announced: India's 620m voters will go to the polls on days staggered between April 27 and May 21, the country's election commission announced. Page 7

Second Kashmiri avalanche kills 40: The second avalanche in five days to strike a remote area of Pakistan-controlled Kashmir killed 40 people. On Friday at least 35 died in an avalanche 2 kilometres away.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	5,685.06	(+1.45)
NASDAQ Composite	1,112.14	(-2.20)
Europe and Far East		
CAC40	1,967.20	(+2.18)
DAX	2,493.25	(+30.10)
FT-SE 100	3,693.0	(+23.4)
Nikkei	20,442.6	(+157.47)

US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.158%
Long Bond	90⅞
Yield	6.705%

OTHER RATES

UK: 3-mo Interbank	6⅛%	(same)
UK: 10 yr Gilt	95⅝	(95⅝)
France: 10 yr OAT	102.6	(103.92)
Germany: 10 yr Bund	98.07	(98.16)
Japan: 10 yr JGB	98.38	(98.616)

NORTH SEA OIL (Argus)

Brent 15-day May	$18.845	(18.78)

GOLD

New York Comex		
Apr	$396.0	(396.3)
London:		
close	$395.35	(394.8)

DOLLAR

New York: lunchtime		
£	1.5325	
DM	1.47425	
FFr	5.0415	
SFr	1.1906	
Y	106.165	
London:		
£	1.5323	(1.5317)
DM	1.4762	(1.4742)
FFr	5.047	(5.0483)
SFr	1.1911	(1.189)
Y	106.315	(106.01)

STERLING

DM	2.2619	(2.258)
Tokyo $ close:	Y 106.1	

Albania	LEK 220	Germany	DM4.00	Lithuania	Lit 15.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.250	Hong Kong	HK$20	Malta	Lm0.85	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft230	Morocco	MDh18	Slovak Rp	Sk65
Bulgaria	Lv130.00	Iceland	IKr230	Neth	Fl 4.75	S. Africa	R12.00
Cyprus	C£1.20	India	Rs75	Nigeria	Naira90	Spain	Pta250
Czech Rp	Kc60	Israel	Shk7.50	Norway	NKr20.00	Sweden	SKr20
Denmark	DKr18	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Syria	S£65.00
Estonia	EKr 22	Jordan	JD1.60	Poland	Zl 5.50	Tunisia	Din1.750
Finland	FM15.50	Kuwait	Fils.650	Portugal (m'land)	Es240	Turkey	L70,000
France	FFr11.50	Lebanon	LL3,000			UAE	Dh12.00

Plan to stop project funds

Bonn issues warning on Airbus consortium

By Peter Norman in Bonn and Michael Skapinker in London

The German government yesterday warned it would grant no further subsidies for the development of Airbus aircraft unless the Airbus Industrie manufacturing consortium was turned into a limited company.

Mr Norbert Lammert, who combines the roles of state secretary in the German economics ministry and aerospace "co-ordinator", said a cabinet meeting yesterday decided that co-operation among Europe's national aerospace companies was no longer sufficient to deal with US competition.

The UK, now backed by Germany, has argued that Airbus will only be able to compete with Boeing if it becomes a limited company and is able to buy components from the lowest cost suppliers. At the moment the four partners in Airbus share out work in proportion to their shareholdings.

However, such a move could meet opposition from the consortium's French partner, Aérospatiale, which stands to lose a substantial part of its business.

The German plan to refuse subsidies for new Airbus projects has already been discussed at junior minister level with the UK and France. The issue is expected to top the agenda when ministers from the countries that produce Airbus aircraft – the UK, Germany, France and Spain – meet at the international air show in Berlin in May.

The German government's intervention comes at a sensitive time for Airbus, which is studying plans to build the A3XX, a 550-seat aircraft which would challenge Boeing's dominance of the large aircraft market.

Airbus executives say developing the aircraft would cost about $8bn, a third of which would come from the governments of the four member countries. Mr Lammert said large aircraft were expected to account for 40 per cent of future profits in the industry.

The Bonn government's latest annual report on the aerospace industry, adopted by the cabinet yesterday, criticised weaknesses in Airbus's "loose structure" which "tempted individual partner companies to put the strengthening of their own positions inside the consortium too much to the fore". In the long term, it said, Airbus would not be "able to cope with the pressure of competition without far-reaching structural changes".

The German announcement will be strongly supported by the UK government and aerospace managers but will be resisted by some important industry executives in Germany and France.

An Airbus Industrie committee, headed by Mr Edzard Reuter, former chairman of Daimler-Benz and head of the Airbus supervisory committee, is to report in June on whether to turn the consortium into a limited company.

Airbus – which is owned by Aérospatiale of France, Daimler-Benz Aerospace (Dasa) of Germany, British Aerospace and Casa of Spain – is a *Groupement d'Intérêt Economique*, which means profits and losses accrue to partner companies rather than to the consortium.

Mr Jürgen Shrempp, Daimler-Benz chairman, has said he also wants to see the change. However, Mr Manfred Bischoff, Dasa chairman, said last month that while he supported the change in principle, the current set-up had allowed Airbus to become the world's second-largest aircraft manufacturer.

Lex, Page 14

Gloves off: German chancellor Helmut Kohl yesterday took issue with sceptics who have questioned Germany's ability to cut unemployment by 2m from its current 4.27m. But at a Bonn press conference he warned that the government would have to push through difficult spending cuts. Page 2 Picture AP

Federal loan offered for Los Angeles rail link

By Christopher Parkes in Los Angeles

Work on carving a high-speed rail connection through the heart of Los Angeles is expected to start this year following the Clinton administration's offer yesterday of a $400m preferential loan towards the $1.8bn project.

The Alameda Corridor, a multi-track network running largely through gullies to bypass the tangle of surface roads and freeways, is the missing link in the transport chain joining US exporters and south-east Asia. It will join the city's main goods and passenger terminal, Union Station, with the twin ports of Long Beach and Los Angeles.

The ports, which currently handle about a quarter of all US seaborne trade, worth $116bn a year, expect the value of shipments in and out of the US to rise to more than $250bn by 2010.

Official forecasts say corridor construction work alone will generate 10,000 jobs, while the eventual effect of increased trade will be to bring 700,000 permanent jobs to the area.

The funding offer, one of the least contentious items in the administration's 1996-97 budget package, unveiled yesterday, represents a further boost from the White House for an area badly hit by recession and defence spending cuts.

Other assistance offered or in the pipeline includes grants for hiring more LA police and the launch of a community development bank to serve business development among ethnic minorities.

Yesterday's announcement coincided with a Los Angeles Times poll showing President Bill Clinton maintaining a 21 percentage point lead in California over Senator Bob Dole, his likely Republican challenger in November's presidential election.

One week before the Californian primaries, Mr Dole is expected to beat off Mr Pat Buchanan, his challenger for the Republican presidential nomination, with support from 52 per cent of regional party members, compared with 16 per cent for Mr Buchanan.

In spite of the long-running clash over budgets there is wide cross-party support for the Alameda Corridor, a priority project of the city's Republican mayor, Mr Richard Riordan.

Under the Clinton administration's proposal, repayment of the 30-year loan would start on completion of the rail link, expected in 2001, and would be funded from user fees.

City officials said yesterday the offer of federal aid was the key to the project's launch. Other funds offered included $400m from the two ports, $700m from a dedicated municipal bond issue and more than $300m from other state and city sources.

Smog watchdog, Page 4

Beijing condemns US navy's presence off Taiwan

By Tony Walker in Beijing and John Ridding in Hong Kong

China yesterday condemned the US naval presence off the coast of Taiwan as a "brazen" show of force in the region, fuelling tension between Beijing and Washington.

Its strongest criticism yet of US manoeuvres in the region came as Mr Robert Rubin, US treasury secretary, warned that China's tough stance would jeopardise renewal of its most favoured nation trade status.

Mr Shen Guofang, foreign ministry spokesman, accused the US of "grossly interfering in China's internal affairs". He demanded that Washington immediately cease interference. "Taiwan is a part of China and not a US protectorate," he said.

But he confirmed that Mr Qian Qichen, foreign minister, would meet Mr Warren Christopher, US secretary of state, in an effort to defuse Sino-American tension. State Department spokesman Mr Nicholas Burns said the meeting had been scheduled to take place in The Hague on April 21.

In a speech to businessmen in Hong Kong, Mr Rubin said that while the US administration would support an extension of China's MFN status, it would be difficult to convince Congress.

Mr Rubin said Beijing's stance towards Taiwan, along with disputes over intellectual property rights, arms proliferation and human rights, undermined support in Congress for MFN renewal.

His remarks coincided with the start of the latest Chinese war-games in the Taiwan Strait – intended to intimidate voters ahead of presidential elections on Saturday.

China, which sees Taiwan as a renegade province, was incensed by the visit to the US last June of Taiwan's president Lee Teng-hui. It accused Mr Lee of moving Taiwan towards independence.

To monitor China's military manoeuvres, the US has deployed an aircraft carrier task-force in waters east of Taiwan and a second is on the way to the region. This is the largest

Continued on Page 14

Fast growth of GDP backs Tokyo claims of recovery

By William Dawkins in Tokyo

Stronger than expected consumer spending lifted Japan's gross domestic product by an annualised 3.6 per cent in the final quarter of 1995, the fastest growth for five years, the government's economic planning agency said yesterday.

The result, well ahead of market forecasts, confirms the government's recent assessment that Japan is recovering from the longest recession since the 1930s.

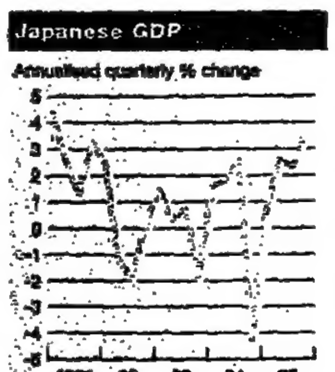
Mr Makoto Kobayashi, the agency's vice-minister, said the economy was now on track to achieve its official target of 1.2 per cent growth in the fiscal year ending this month.

GDP rose 0.9 per cent in the final quarter from the three months to September, an acceleration on 0.6 per cent growth in the second and third quarters.

But even after a better than expected final three months, the Japanese economy grew by just 0.9 per cent last calendar year, the third year in which it has grown at less than 1 per cent.

Accordingly, economists in Tokyo expect no early change in the Bank of Japan's loose monetary policy on the strength of the latest upturn.

But if the past quarter's growth spurt is sustained into the second half of this year, the central bank might increase its record low 0.5 per cent official discount rate towards the end of 1996 or early in 1997, economists said.



Growth at this rate would reduce unemployment from its present record high of 3.4 per cent, said Mr Brian Pearce, chief economist at SBC Warburg Securities in Tokyo.

Economists were encouraged by the fact that growth in the three months to December was more broadly based than in previous quarters.

The only area of the economy to provide a measurable drag on GDP was net exports, a result of a long-term increase in demand for imports, likely to increase further if the recovery in domestic consumption continues, Mr Pearce said.

Domestic demand rose by 1.5 per cent from the third to the final quarter, by far the largest contributor to 0.9 per cent GDP growth over that period.

Within this, private consumption rose by 0.4 per cent quarter on quarter, led by spending on personal computers and cars, said the planning agency.

Exports contributed 0.1 per cent to quarterly growth, far outstripped by the 0.7 per cent negative contribution from imports.

Despite the rise in private spending, price inflation continues to run gently in reverse. The GDP deflator, a measure of prices, fell by 0.5 per cent from the same quarter of last year, further evidence that the Bank of Japan is under very little pressure, for the time being, to make the much talked about rise in interest rates.

The sustainability of this recovery is the other uncertainty that Japanese monetary authorities will seek to clarify before deciding on the timing of any tightening in monetary conditions.

Government spending from a record Y14,220bn ($135bn) public works package announced last September underpinned much of the growth in the final quarter. Public investment contributed 0.6 per cent to quarter on quarter growth.

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LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

Kohl asks for wage restraint to help jobs plan

By Peter Norman in Bonn

Germany's Chancellor Helmut Kohl yesterday appealed to trade unions and employers for moderate wage settlements in the forthcoming round of pay negotiations to help secure his goal of halving unemployment by the year 2000.

Making a rare appearance before the Bonn press corps, he warned that the government would have to push through difficult spending cuts to keep its budget deficits under control.

Possibly because the main purpose of the chancellor's appearance was to disseminate good news ahead of Sunday's state elections in Baden-Württemberg, Rhineland-Palatinate and Schleswig-Holstein, his 75-minute performance was short on detail of where economies would fall.

These would have to be negotiated inside the governing coalition before the cabinet decided its plans for the 1997 federal budget early in July, he said.

Mr Kohl took issue with sceptics who have questioned Germany's ability to cut unemployment by 2m from the present 4.27m level. Insisting that "unemployment is not an irreversible fate", he pointed

'My thesis is that the City [of London] will join Europe and when the City joins, others will'

out that his government had achieved a similar success in the 1980s when more than 3m new jobs had been created in the former West Germany.

He appealed to business, trade unions and politicians to take joint responsibility for solving unemployment. Looking ahead to pay talks in the chemical and construction industries and the public sector, Mr Kohl stressed that negotiators should think of the interests of the unemployed and not just of pay increases for those in work.

He also called on the opposition Social Democratic party, which controls a majority of state governments and therefore the Bundesrat, the second chamber of parliament in Bonn, to cease its blockage of government measures to boost jobs and the economy.

During the press conference, Mr Kohl rejected the idea of increasing Germany's 15 per cent value-added tax rate during the current legislative period to help plug the gaps in the finances of the federal, state and local authorities.

In spite of growing concern over the scale of budgetary consolidation required to bring Germany's public sector deficit below the 3 per cent limit of the Maastricht treaty, he also spoke out against postponing the start of European economic and monetary union (Emu) beyond the planned date of January 1 1999.

Postponing Emu would damage Germany's hopes of creating 2m new jobs because it would create upward pressure on the D-Mark and so undermine the competitiveness of German exports, he said.

Mr Kohl appeared confident that Emu would not be undermined by British opposition. "I am waiting patiently. My thesis is that the City (of London) will join Europe and when the City joins, others will as well," he said.

US denounces vote by pro-Soviet Duma

By Matthew Kaminski in Kiev and John Thornhill in Moscow

Mr Warren Christopher, US secretary of state, yesterday denounced the Russian parliamentary vote revoking the treaty that dissolved the Soviet Union as "highly irresponsible" and pledged continued US support for Ukrainian independence.

"The vote was as disturbing for the US as for Ukraine," he said on a one-day visit to Kiev. "Any unilateral attempt to change the status of the states of the former Soviet Union should certainly be rejected by the entire international community."

Mr Christopher's comments were the strongest western response to last week's vote by the Duma, the lower house of Russia's parliament, to annul the 1991 Belovezhye agreement between Russia, Ukraine, and Belarus.

The agreement, signed in the aftermath of the failed hardline Communist coup in Moscow, legally disbanded the Soviet Union and led to the creation of 15 sovereign nations.

The parliamentary vote, backed by communists and nationalists harking back to the days when the Soviet Union was a superpower, has no legal force but has caused alarm among the other members of the Commonwealth of Independent States (CIS) who fear a revival of Russian nationalism.

Many CIS leaders have condemned the vote, suggesting it would inflame destructive nationalist forces throughout the former Soviet Union and undermine attempts to turn the CIS into a co-operative international organisation modelled on the European Union.

Mr Eduard Shevardnadze, president of Georgia who is visiting Moscow, denounced the vote as "stupid" and cancelled a meeting with Mr Gennady Seleznyev, the parliamentary speaker and a leading Communist.

Mr Seleznyev called for an emergency meeting of the 12 members of the CIS. "Extraordinary measures should be taken in this situation," he said.

Even in Belarus, which has pushed hardest for recreating close economic and political ties in the former Soviet Union, the foreign minister, Mr Ulazdimir Syanko, condemned the Russian Duma for "discrediting the integration process which is gaining momentum in the CIS and particularly between Russia and Belarus".

President Boris Yeltsin has seized upon the vote as a sign of the Communist party's irresponsibility in the run-up to the presidential elections in June. He said the Duma must be held to account.

Mr Georgy Satarov, a presidential political aide, said Mr Yeltsin would be certain to be re-elected "if the Communists give us such gifts as they did on Friday".

Mr Gennady Zyuganov, Communist party leader, yesterday tried to play down the controversy, describing Mr Yeltsin's reaction as "hysterical" and saying any recreation of the Soviet Union must be realised on a peaceful step-by-step basis.

The three former Soviet Baltic states, which refused to join the CIS, have reacted particularly strongly to the Russian vote. "The Duma's decision demonstrates the incapacity of several deputies to comprehend the development of historical events," said a withering Estonian Foreign Ministry statement.

US secretary of state Warren Christopher making a speech at a hospital yesterday during his one-day visit to Ukraine *Reuter*

Santer urges $1.2bn project spending

By Lionel Barber in Brussels

Mr Jacques Santer, president of the European Commission, will today call for an extra Ecu1bn ($1.2bn) spending on showpiece trans-European communications networks, foreshadowing a direct appeal to European Union leaders at next week's summit in Turin.

Mr Santer, whose proposal was mauled by EU finance ministers in Brussels last week, regards the "TENs" – rail, road, and telecommunications projects – as the centrepiece of his "confidence pact" to restore growth and employment.

His hopes are based on an unexpected windfall in the EU farm budget, where the switchover from price supports to direct income payments to farmers is expected to generate Ecu4bn-Ecu5bn savings in between 1997 and 1999.

However, EU member states, which are slashing public spending to reduce deficits to qualify for monetary union in 1999, are insisting that savings are reimbursed to national budgets. Mr Santer, who usually shuns confrontation, has decided to take a stand at the Turin summit on March 29, where EU leaders are due to launch the inter-governmental conference on the future of the Union.

"The president feels very strongly about this," said a senior official.

Six countries led by Britain, France and Germany called on the Commission at an ill-tempered finance ministers' meeting last week to shelve its plan to reallocate money in the EU budget. Mr Santer wants an extra Ecu1bn spending on TENs projects, and an extra $700m to support EU research and development in 1996.

His request for extra financing for TENs, which include 14 priority rail networks and motorways, is in line with successive commitments from heads of government going back to the December 1994 Essen summit which he attended as Luxembourg's prime minister.

Commission officials concede that the trans-national port networks are also being held back by regulatory difficulties. The TENs budget line for 1995-99 is Ecu1.8bn, excluding EU regional aid. Experts have identified a financing gap of around Ecu1.7bn.

Brussels has earmarked around Ecu2bn savings for reallocation in the EU budget over the next three years, assuming underspending in the farm budget is between Ecu4bn and Ecu5bn. Some of the money would be shifted to rural development, partly to anticipate the needs of future members from eastern Europe.

Mr Santer is anxious to make the EU agriculture budget more flexible to avoid ruinously expensive price supports from farm-intensive economies such as Poland and Hungary. Rural development funds would be a much cheaper means of coping with the cost of enlargement, he believes.

EU legal showdown looms over high charges for trucks using Brenner Pass

Brussels to act on Austrian road toll

The European Commission is to begin proceedings against Austria over recent toll increases on the busy motorway over the Brenner pass in the Alps.

The announcement, made on Monday night by Mr Neil Kinnock, EU transportation commissioner, touches a raw nerve in a country that is trying to curtail the flow of traffic through the environmentally sensitive Alpine regions.

Mr Kinnock said the tolls for commercial vehicles exceeded the actual costs of road construction and maintenance and were three times higher than EU road-pricing regulations would allow.

The latest fare increase introduced in February "sabotaged" EU efforts to achieve a fair pricing system in the union, he said. If fares were not cut, the Commission would take Austria to the European Court of Justice.

The announcement from Brussels has added to public frustration with what is seen as EU interference in sensitive political issues. Last month, the Commission took proceedings against the Austrian practice of allowing anonymous savings accounts. On both issues, the government announced it would fight the Commission all the way.

Mr Johannes Ditz, economics minister, said the toll increase on the Brenner was justified because traffic volume there had risen by a quarter over the past two years, mostly because of trucks en route from Germany to Italy. "The EU road pricing directive does not do justice to the Austrian situation," he said.

The government is pushing for a change in EU regulations that would give it more leeway to use road pricing for regulating traffic flows. Officials in Tyrol say the February fare increase had resulted in a slight decrease in transit traffic. On February 1, the toll for trucks was lifted from Sch1,000 ($96) to Sch1,500 during the day and Sch2,300 at night.

Low-emission vehicles pay Sch1,150 in the day. This is three times higher than in 1993. EU rules would allow a Sch600 toll at the most, EU officials say. They point to huge financial reserves built up by the public operating company for the Brenner motorway and the lack of any significant construction on that route.

In addressing EU criticisms of Austria's road-pricing system, transportation experts suggest that merging Austria's various motorway operating companies into one group would allow more flexibility in imposing tolls on various routes. At the moment the Commission argues that specific tolls have to be justified by the financing of the roads on which they are imposed.

But the best solution would be to establish a national system of road tolls similar to that in Italy and France, they say. In Austria most motorways are toll free.

However, building toll booths at every motorway exit would be prohibitively expensive, so Austria is committed to an electronic road pricing system as soon as it is technically feasible. Car and truck drivers would need pre-paid cards that would be automatically debited when passing through an electronic barrier on the motorway.

Such a system will only be possible to introduce in 1998 for trucks and in 2001 for personal cars. But starting next year, Austria will charge a flat annual motorway levy of Sch550 for cars and up to Sch12,000 for heavy trucks.

The levy, which is part of the austerity package agreed by the new coalition government, will do little to discourage traffic, but should boost government revenues by Sch1.5bn and help cut the budget deficit.

To the relief of the Vienna government, the EU Commission said it would not challenge the flat fee, a copy of a Swiss system. But the levy has sparked an uproar in Germany, from where millions of holidaymakers drive to and through Austria every year. For foreigners, there is a special two-month fee of Sch150.

The row with Brussels over the Brenner toll could heighten anti-European sentiment especially in the Tyrol and other Alpine regions where residents suffer from traffic pollution and noise. The issue of trucking loomed large in the debate on EU entry in 1994, and in the affected regions the majority in favour of membership was 10 percentage points below the national result of 66 per cent.

Some experts blame Austria's current traffic woes on the failure of the transit treaty Austria signed in 1992 before joining the European Economic Area. The accord was designed to curtail trucking volume until 2002, but it left so many loopholes that the number of trucks passing through Austria rose instead.

Eric Frey

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Brussels wins backing over discrimination in providing broking services

Italy faces securities ruling defeat

By Andrew Hill in Milan

The Italian government is likely to be condemned by the European Court of Justice over stock exchange rules which discriminated against foreign securities houses.

The advocate-general of the court yesterday agreed with the European Commission that Italy's "SIMs" law hindered freedom of establishment for banks and stockbrokers, and the free provision of services in the European Union.

The court usually follows the advocate-general's opinion.

Such a verdict would represent a victory for the British government, which first complained to the Commission in September 1991, and for British and US investment banks, which backed the complaint.

But the impact of the decision is likely to be symbolic, because the SIMs law – named after the Società di Intermediazione Mobiliare, the new type of securities house it created – is about to be superseded by the European investment services directive.

The complaint arises from rules imposed four and a half years ago because they were not a SIM.

Condemnation by the Court of Justice would be symbolic because Italian securities law is to be superseded by European directive

which obliged foreign brokers and banks to set up a SIM if they wanted to trade on Italian equity markets and sell securities to Italian investors other than SIMs or banks.

Foreign banks complained about the high cost of setting up new Italian operations, and the risk that clients would refuse to trade with them

The dispute between the Commission and the Italian government has gone on for so long, however, that most large foreign securities houses have long since either set up SIMs in Italy, or have bought a stake in local stockbrokers.

In any case, the court's ruling, due this spring, is likely to coincide with the delayed implementation of the investment services directive, which allows banks and brokers to trade across frontiers.

The directive is part of a general proposed reform of the stock exchange, known as the Eurosim law, which is awaiting parliamentary approval.

But the Treasury has already told Consob, the stock market supervisor, and the Bank of Italy, which oversees the banking sector, that provisions in the EU directive concerning cross-border trading can already be implemented.

"In theory, the market is already open," claimed a Treasury official yesterday.

Mr Carl Otto Lenz, the advocate-general, rejected Italy's defence that the SIMs law was needed to protect investors and ensure stability of financial markets.

Mr Lenz said there was no need for foreign brokers and banks to establish an Italian headquarters because the Italian authorities could control agencies and branches just as effectively. He said the laws' demands were "disproportionate".

EUROPEAN NEWS DIGEST

French telecom strike threat

Some of the unions representing France Télécom's 151,000 employees yesterday threatened "a warning strike" if the government pursued its plan to change the utility into a regular state company as a prelude to selling off up to 49 per cent.

The government stressed on Monday that it was up to Mr Michel Bon, France Télécom's president, to try to win employees' approval for the change, on the basis of promises that the state would keep control and that workers would keep their civil servant status and associated job and pension guarantees. However, Mr Bon yesterday received no response to his call for "very speedy" consultations with the unions on all aspects of France Télécom's future.

The five main unions involved spent yesterday planning their response, which one of the largest, the pro-Communist CGT, wants to take the form of a strike on March 29, the day on which the European Union's intergovernmental conference opens in Turin. *David Buchan, Paris*

Current account surplus soars

France virtually doubled its current account surplus last year to reach FFr64.5bn, an increase of nearly FFr40bn on 1994, the finance ministry announced yesterday. The trade surplus in goods rose to more than FFr50bn, while that in services stayed steady at around FFr74bn.

The balance on investment income was reduced to a deficit of FFr31bn, though French companies, anxious to reduce their debt, cut their direct investment abroad from FFr106bn in 1994 to FFr92.5bn last year, while at the same time selling off foreign companies worth FFr44.6bn. However, foreign investors maintained their investments in France at around FFr60bn last year.

Public financial transfers, traditionally in deficit because France is a net contributor to the European Union budget and a large provider of foreign development aid, remained in deficit at FFr32.5bn, but this was FFr12bn smaller than in 1994. *David Buchan*

Russian banker's home attacked

Gunmen fired several shots into the home of Mr Sergei Dubinin, chairman of Russia's central bank, officials said yesterday. The attack occurred late on Monday night, while Mr Dubinin's wife, two children and mother were in their central Moscow apartment.

Although no one was injured, officials speculated that the shooting could be an attempt to intimidate the banker, who is one of the staunchest defenders of the government's tough monetary policy.

The attack is also likely to add to the mounting sense of physical danger among financial circles and is a worrying sign that the violent culture of much of the Russian business world could be spreading to government. A member of parliament was attacked in the courtyard of Mr Dubinin's apartment building earlier this year. *Chrystia Freeland, Moscow*

Bremer Vulkan in bribery probe

Two executives of the German shipbuilding company Bremer Vulkan and a retired government official are under investigation in connection with alleged bribery over a contract for the German navy, the prosecutor's office in Koblenz said yesterday.

It said the two executives allegedly paid DM40,000 ($27,000) to the official, then an employee at the federal office for military equipment and procurement, to favour a Bremer Vulkan tender for warships for the navy. Executives at a Munich electronics concern, which it declined to name, were also being investigated for allegedly having paid the same official DM125,000 for favouritism with the same contract. *AFX, Koblenz*

Swiss to privatise telecoms

The Swiss PTT is to be split into two distinct postal andtelecommunications companies and will lose its telephone service and network monopoly, the government has announced.

The move, under which the postal service will remain state-owned while the telecommunications business will become a private sector company, must be passed by parliament but is expected to be completed during the year, it said. *AFX, Berne*

Jaguar aid approval expected

The European Commission is expected next Wednesday to approve £72m ($110m) of a planned £80m British state aid package for Jaguar, the luxury carmaker owned by Ford, and to announce that it is examining proposals for payment of the remaining £8m.

Approval has been delayed by wrangling between London and Brussels. The former says the money is vital if Jaguar's new X200 small sports saloon is to be built in the UK rather than the US. But Mr Karel Van Miert, competition commissioner, has insisted that a proposed £48m regional assistance payment should be reduced to £40m to meet competition rules. Britain is now proposing to make up the remaining £8m through further indirect assistance, such as training and environmental programmes.

■ The German Steel Federation said yesterday it would join British Steel in taking the Commission to court over its approval of state aid for Irish Steel. It claimed the aid package subsidised Irish Steel by some DM205 ($138) per tonne. In the case of the Maxhütte, a Bavarian steel plant where the Commission recently refused aid, the subsidies would have totalled just DM30 per tonne, the association said. *Neil Buckley, Brussels and Michael Lindemann, Bonn*

Forty knot ferry to enter service

From the country that brought you the *Train à Grande Vitesse* comes its marine counterpart, the *Navire à Grande Vitesse* high-speed French ferry Asco. It is pictured above arriving yesterday in the Mediterranean port of Nice. The vessel enters service on April 20 and will cut the journey time to Corsica in half to three hours. It is capable of a speed of 40 knots and can carry 500 passengers and 150 cars. *Reuter*

Kohl signals response to riots

The German government yesterday signalled a toughening of its deportation laws in response to recent riots by Kurdish protesters organised by the PKK, the Kurdistan Workers party. Chancellor Helmut Kohl said work on a government bill had been concluded and this would be agreed in the next session of the cabinet.

He sharply criticised the violent protests by Kurdish extremists which led last weekend to clashes with police in the state of North Rhine Westphalia as "an unacceptable abuse" of German hospitality. He said those practising such terrorism in Germany should be tried rapidly and deported as quickly as possible. He called on the Länder (states) to co-operate with Bonn on this issue. *Peter Norman, Bonn*

British stance foreshadows battles at IGC

UK stonewalls over setting up Europol

By Emma Tucker in Brussels

The establishment of a cross-border European police agency was stalled yesterday as Britain continued to oppose plans to allow the European Court of Justice to rule on disputes involving it.

Mr Michael Howard, the British home secretary, told colleagues at a meeting in Brussels that the European Court was neither "necessary nor appropriate" to the running of Europol, the pan-European intelligence agency that has been on ice since last June.

His stance, which has prompted other governments to refuse to ratify the convention establishing Europol, is causing deep frustration among Britain's 14 partners with whom it will enter crucial talks on the future of Europe in 10 days' time.

Other countries believe that, in a dispute concerning Europol's activities, national courts should have the option of referring to the Luxembourg court for a preliminary ruling.

Britain opposes this even through recourse to the court would be voluntary. It does not want rulings from Luxembourg to influence decisions taken in British courts.

The argument has become symbolic of the battles that are about to be thrashed out at the intergovernmental conference to revise the Maastricht treaty.

Countries such as Germany, Belgium and the Netherlands are keen to grant the court a more pivotal role in enforcing EU law. But Britain opposes any move that would erode the sovereignty of its national courts.

Mr Kurt Schelter, the German junior interior minister, warned yesterday: "Europol is the test case that will show whether the European Union can integrate credibly within the area of justice and home affairs."

But a British official said: "We are looking for arguments of substance that demonstrate the need to include the court, not theological arguments that define positions ahead of the IGC."

Separately, Mr Howard agreed to sign up to a set of rules for improving police co-operation in the fight against racism and xenophobia. Britain dropped its objections after introducing a declaration that allows it to maintain a balance between freedom of speech and protection against racial incitement.

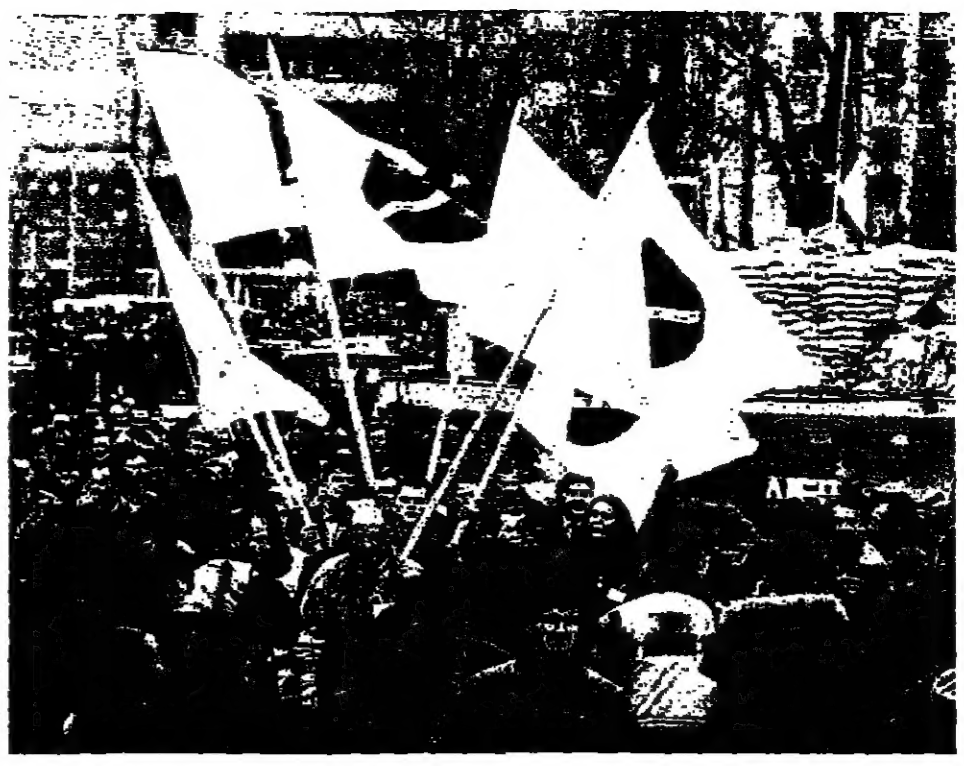
The original text would have required Britain to criminalise certain acts – such as denying that the Holocaust ever took place – that are not in themselves criminal in the UK.

Such a declaration is only criminal in Britain when made with the intention of stirring up racial hatred. In Germany, Austria, France and Belgium, the statement itself is a criminal offence in itself.

"We didn't want to disturb the balance that has existed for a long time," said Mr Howard. "I am happy now that we have the safeguards we wanted all along."

In line with the EU rules, the British government has also promised to introduce a law that will enable the police to seize racist pictures and publications intended for distribution in other member states, provided these were likely to incite racial hatred.

Ministers also edged closer to agreeing a common approach to extradition. The issue has been given a renewed impetus following a row between Belgium and Spain earlier this year, in which the Belgian judiciary refused to extradite a couple suspected of Basque terrorist offences. ?



Two held for suspected war crimes against Serbs

The UN war crimes tribunal said yesterday that two men had been arrested – one in Germany, another in Austria – on suspicion of committing atrocities against ethnic Serbs, write Harriet Martin in Sarajevo and agencies. It was the first time suspected perpetrators of war crimes against Serbs have been detained, and vindicated the court's claim to be dealing fairly with all ethnic groups, said a spokesman.

So far, the court's work has appeared to focus mainly on the killing of Croats and Moslems by Serbs, and of Moslems by Croats. But Judge Richard Goldstone, the war crimes prosecutor, said on February 14 he expected to indict some Moslems soon.

The two men detained this week are expected to be indicted shortly. The Austrian interior ministry confirmed that a man had been arrested in Vienna on suspicion of killing Serbs in a Bosnian detention centre between May and November 1992.

In Sarajevo yesterday (pictured above), thousands of people crossed the "brotherhood and unity" bridge to inspect their old homes in the suburb of Grbavica, the last of five suburbs evacuated by the Serbs. Many of the apartment blocks had been burnt in a last minute binge of arson and looting by hardline Serbs.

The flight of at least 80 per cent of the 50,000 Serbs formerly living in outer Sarajevo means that up to 40,000 Moslems and Croats can return to those districts.

Interest rate cut in Sweden

By Hugh Carnegy in Stockholm

Sweden's central bank yesterday lowered its key interest rate for the sixth time this year in an attempt to spur sluggish economic growth.

The fact that it was able to do so was a clear vote of confidence by the financial markets in Mr Göran Persson, Sweden's incoming prime minister.

Mr Persson's authoritative performance at last weekend's congress of the governing Social Democratic party – when he was elected leader and faced down the SDP's strong left wing on most key issues – was widely welcomed by markets which had been nervous that the congress might compromise the government's commitment to eliminating Sweden's big budget deficit.

The krona continued to strengthen yesterday and long-term interest rates fell as markets judged that Mr Persson, who will be formally elected prime minister in succession to Mr Ingvar Carlsson tomorrow, will continue the tough fiscal policies he has followed as finance minister over the past 18 months.

In two days, the krona strengthened by SKr0.06 to SKr4.52 against the D-Mark and long-term bond yields fell by some 25 basis points, with the 9-year bond ending yesterday at 8.8 per cent.

The reaction cleared the way for the Riksbank to cut its key repurchase rate by 0.25 of a percentage point to 7.60 per cent. In six successive rate cuts since early January, the Riksbank has trimmed the repo rate by 1.31 per cent in total.

The trend is a sharp turnaround from last year when worries about inflation forced the bank to hold up interest rates. But a sudden cooling in both inflationary pressures and the economy as a whole prompted the new monetary policy stance. In the final quarter of last year, gross national product shrank by 0.4 per cent against the third quarter, and growth this year is expected to be below 2 per cent, after 3 per cent growth in 1995 overall.

The economic slowdown is doubly worrying for Mr Persson. It cuts the prospect of any significant fall in unemployment, which is currently more than 12 per cent of the workforce and the biggest political problem facing the government. It also threatens to blow the process of cutting the budget deficit off course as Sweden's public finances are unusually sensitive to macroeconomic trends.

A positive reaction by the financial markets to the SDP congress was therefore met with some relief in Stockholm.

Milan's magistrates build case against Roman colleagues

Robert Graham reports on a fast-moving court thriller which may implicate a former prime minister

The thriller is rarely used in Italy as a literary genre. Newspapers provide a stream of stories whose twists and turns defy the imagination of the most seasoned thriller writer.

For the past week a particularly gripping tale has been unfolding, orchestrated by anti-corruption magistrates in Milan. Like all masters of suspense, they are feeding out the story in episodes. But sufficient clues have been dropped to show where the trail is leading.

The clues point towards Mr Silvio Berlusconi, former prime minister and owner of the Fininvest business empire. It is no accident the Milan magistrates are laying this trail as campaigning for Italy's April general election gets under way.

The story has got off to a cracking start. A glamorous women, code named Witness Omega and well connected in both Milan and Rome society, decides to spill the beans on how big business got the Rome judiciary on its payroll.

The woman is quickly identified as Ms Stefania Ariosto, companion for the past eight years of Mr Vittorio Dotti, a top lawyer for Fininvest and parliamentary leader of Forza Italia, the media magnate's political movement.

There has yet to be an adequate explanation why she decided to reveal all she knew since this risked incriminating those around the man who helped promote her lover's legal and latterly political career. But she has admitted in press interviews to gambling debts and revealed resentment towards the Berlusocni clan for past business dealings.

Whatever her motives, Milan magistrates appear confident they have backed up her testimony with considerable detective work, telephone taps and the planting of bugging devices in Rome cafes. This led to last Tuesday's shock arrest of one the capital's most prominent judges, 71-year-old Renato Squillante.

Mr Squillante, for five years commissioner of Consob, the watchdog of the Milan bourse, supervised the judges of first instance who decide whether to proceed with magistrates' requests to investigate and prosecute. The Milan magistrates' accusation is that he had allegedly received money to "arrange" cases.

These cases have yet to be identified and Mr Squillante's lawyers have denied any wrong-doing. But the leaks coming from the Milan magistrates, which have proved remarkably accurate over the past four years, suggest at least two of these involve Fininvest.

Mr Cesare Previti, defence minister in the Berlusconi government and whose lawyer's firm handles the Rome end of Fininvest business, is under investigation for allegedly being involved in the transfer of funds to Mr Squillante.

The involvement in the investigation of Mr Previti as a result of him being first named by Witness Omega, caused tensions within Forza Italia. Mr Dotti said he knew about his girlfriend giving testimony but had never asked the nature of her evidence. This provoked a string of sarcastic comments from Mr Previti, a long-standing rival and seen as the hawk in Forza Italia compared to the mild-mannered Mr Dotti.

Mr Berlusconi then called upon Mr Dotti to dissociate himself from his companion. Having refused to do so, he was ejected from Forza Italia at the weekend. Meanwhile it has emerged that Mr Dotti himself gave evidence to Milan magistrates – media in the Fininvest camp identified him as a witness code named Sigma in court documents.

Yesterday Mr Dotti indicated in an interview that he was unlikely to remain a Fininvest lawyer.

But the story does not end here. Nor is it just another episode in the Milan magistrates' efforts to incriminate Mr Berlusconi – already on trial on one charge of corruption and who risks at least three other similar trials. It forms part of a long-standing resentment felt by the Milan judiciary towards their colleagues in Rome.

Milan accuses Rome of having blocked or buried every important post-war investigation through fair means and foul. The Rome courts are dubbed "the gateway to the clouds" for the way cases have a knack of getting lost there.

The Omega testimony and subsequent surveillance of members of the Rome judiciary has provided the opportunity to even the score. But to succeed Milan magistrates will have to be sure of their political cover and to demonstrate their proof is cast-iron.

AMERICAN NEWS DIGEST

US new home starts up 3%

Construction starts on new homes and apartments increased last month to their highest rate in more than a year, the US Commerce Department said yesterday. Despite bad weather and higher interest rates, total starts rose 3 per cent to a seasonally adjusted annual rate of 1.49m in February – the strongest building pace since December 1994, when they were running at 1.51m.

The February pick-up in starts was sharply against Wall Street expectations of a decline to 1.42m a year. The increase followed a 1.5 per cent rise in January starts to a rate of 1.45m units and a decline in December of 2.3 per cent to a revised 1.43m units a year.

The department sharply revised up its estimate of the level of December starts from a previously reported 1.39m units, indicating the housing industry finished 1995 on a stronger note than thought earlier. *Reuter, Washington*

Caracas puts stress on reform

Venezuela's government is indicating it will give renewed impetus to economic reform and to reaching an agreement with the International Monetary Fund. Mr Teodoro Petkoff, the newly appointed planning minister, said the government would implement an economic adjustment programme early in the second quarter of this year. The programme includes a reduction of the budget deficit from 6 per cent to 1.5 per cent of GDP, a liberalisation of foreign exchange controls, and an increase in interest rates.

The World Bank and the Inter-American Development Bank indicated that they were prepared to grant significant credit lines to Venezuela for social programmes once an agreement is reached with the IMF. The government plans a comprehensive social package to soften the impact of austerity measures, which are to include a considerable rise in petrol prices and taxes. *Raymond Colitt, Caracas.*

Diplomat Thomas Enders dies

Mr Thomas Enders, who has died in New York of melanoma at the age of 64, was a high-profile and sometimes controversial career diplomat who played pivotal policy roles in the US involvement in the Vietnam War and in Central America. He also served as US ambassador to Canada, Spain and the European Community before joining Salomon Brothers, the investment bank, 10 years ago.

As number two in the Phnom Penh embassy in the early 1970s, he was instrumental in directing the secret US bombing of North Vietnamese forces in Cambodia. That earned him the approval of Dr Henry Kissinger, then White House national security adviser, who later made him assistant secretary of state for economic affairs. In 1981, when in charge of inter-American policy at the state department, Mr Enders belied his reputation as an anti-communist hardliner by trying to negotiate a deal with the revolutionary Sandinista regime in Nicaragua. *Jurek Martin, Washington*

Brazil settles debt dispute

Brazilian officials said yesterday they had resolved a dispute over the country's foreign debt with the Dart family of the US, Brazil's largest private creditor. The two sides quarrelled since a 1994 restructuring of Brazil's commercial bank debt, prompting the Dart family to take legal action. The Dart family, which held about $1.4bn of Brazilian debt when the restructuring was completed, was the only significant foreign creditor to reject its terms. *Angus Foster, São Paulo*

GM strike expected to slow US growth

By Richard Waters in New York

The strike which has halted virtually all of General Motors' US operations entered its third week yesterday, prompting warnings that the dispute will lead to a noticeable slowdown in US economic growth.

Despite holding round-the-clock talks since Sunday morning, representatives of the country's biggest manufacturer and the United Auto Workers union had failed by midday yesterday to agree an end to the stoppage.

The strike, involving 3,200 workers at two GM parts plants in Dayton, Ohio, has grown from a local plant-level disagreement to become the most serious dispute in the US car industry since a nationwide strike took place in 1970.

The Dayton strike was prompted by GM's plans to buy some parts from outside suppliers rather than make them itself.

The stoppage has cut GM's supply of brake parts, forcing it to shut all its US vehicle assembly lines. That, in turn, has led the company to send workers home at other parts factories, and has also hit the company's many suppliers.

GM said that, by yesterday, the strike had forced it to send 156,000 workers home, 68,750 of them from its assembly plants and the rest in parts factories.

The impact of the Dayton stoppage has been felt far more quickly than in previous strikes, due to the greater efficiencies in GM's supply chain, said Mr James Annable, chief economist at First Chicago NBD, the largest bank in the US's industrial Midwest.

Like other US economists, Mr Annable predicted that the strike would hit economic growth in the first quarter. If not settled until the end of this week, it will shave 0.3 per cent from the economy's annualised growth rate for the first three months, he predicted.

Most economists had until recently been expecting annualised growth of only around 1 per cent for the period, though a jump in employment numbers in February led many to virtually double their growth forecasts.

Among companies to report knock-on effects from the GM strike, Bethlehem Steel, the US's second biggest steelmaker, warned on Monday that a halt in supplies to the carmaker would hit its first-quarter earnings.

Caterpillar, the maker of construction and earthmoving equipment which itself recently won an 18-month industrial dispute with the UAW, said it had shut down a production line that supplied engines to GM.

GM is estimated by industry analysts to be losing some $50m a day as a result of the industrial dispute.

Salinas faces new charges

By Leslie Crawford in Mexico City

The Mexican government has brought charges of embezzlement against Mr Raúl Salinas, elder brother of former President Carlos Salinas, in a bid to prolong his imprisonment while prosecutors try to strengthen an earlier indictment for alleged involvement in the murder of a leading politician.

Mr Raúl Salinas was jailed in February 1995, three months after the end of his brother's presidency, accused of masterminding the assassination of Mr José Francisco Ruiz Massieu of the ruling Institutional Revolutionary party. Mr Salinas has denied the charges.

The attorney-general's office in Mexico City yesterday said it was pressing charges of "inexplicable enrichment" against Mr Salinas because of alleged discrepancies in his tax returns during the 10 years he served as a civil servant. Investigations had uncovered 44 properties and bank accounts Mr Salinas held under a number of false names worth 174m pesos ($23m), the attorney-general's office said, while Mr Salinas had only declared assets of 7m pesos.

In a separate investigation, Swiss authorities are investigating the origin of some $100m Mr Salinas held in bank accounts and safe deposits in Switzerland.

Clinton fleshes out budget for election

By Jurek Martin in Washington

President Bill Clinton yesterday presented to Congress a fleshed-out $1,640bn budget for the fiscal year starting in October that stakes out again the policy ground for his re-election campaign.

In an accompanying message, the president said a balanced budget agreement was still achievable this year, but he called on the legislature to do it "the right way". This he defined as cutting unnecessary programmes, while protecting "senior citizens, working families, children and other vulnerable Americans."

While infinitely more detailed than the skeletal version Mr Clinton was obliged by law to offer early in February, the new budget has little chance of being approved by a Republican-controlled Congress. As it stands, there is still no agreed budget for the current fiscal year, already nearly half over, for nine of the 13 major government departments and countless other federal agencies.

Yesterday's document, purporting to balance the federal books by the year 2002, finds room for $107bn in personal tax cuts over seven years, including a $500 per child tax credit targeted at the lower and middle income classes.

This overall sum is close to that he has already proposed in the ongoing budget negotiations with Congress but is well under the roughly $170bn sought by the Republicans.

The White House said budget talks would resume today in a session between the president, Senator Bob Dole, the majority leader and Congressman Newt Gingrich, Speaker of the House.

The Republican leadership is unlikely to take kindly to one new element in the latest proposals. Not only does Mr Clinton specifically reject their demands for a capital gains tax cut but he seeks to raise about $4bn over seven years by ending practises commonly used by wealthier investors to minimise capital gains taxes.

Under the Clinton plan, investors would be obliged to calculate profits based on the average acquired price of any given share, as many mutual funds now do. Current law allows the investor to declare that the shares being sold were those that had cost the most to buy.

This proposal, which has minimal chance of passage this year, has clear political purpose. Mr Pat Buchanan has scored some points by assailing Wall Street "fat cats" in his now fading campaign for the Republican presidential nomination, while senior members of the Clinton administration, such as Mr Robert Reich, the labour secretary, have frequently called for a crackdown on corporate and investor "welfare."

Nevertheless, the budget includes an assortment of tax breaks for small businesses, generally in the area of capital depreciation. It also makes no mention of revenue-raising proposals popular with congressional Democrats, such as higher taxes on foreign oil-and-gas income and on the earnings of US expatriates.

All told, the budget envisages $593bn in savings over seven years, but with most unspecified and to take place after the year 2000. It assumes $124bn in cuts from the projected growth in Medicare spending and $59bn from Medicaid, again much less than the Republicans are seeking.

Dole: fresh budget discussions

Smog watchdog airs Los Angeles initiative

By Christopher Parkes in Los Angeles

A sweeping initiative to freshen the air in the smog-stifled Los Angeles basin, and simultaneously disarm political criticism of "excessive" environmental regulation, has been launched by the region's leading air quality authority.

The South Coast Air Quality Management District hopes its proposals to widen the scope of southern California's "smog credits" market and set up a job-creating environmental fund – financed by polluting businesses – will be ready for approval this autumn.

The district's executive began drafting a new deal for California's polluters following an agreement in principle to extend trading in smog credits – vouchers issued to companies which meet emission reduction targets which may then be sold to companies which do not – to 30,000 companies compared with 400 at present.

The impact of this Regional Clean Air Incentives Market would be enhanced by corporate contributions to a central fund from other polluters, estimated at "tens of millions" of dollars, and available for vehicle conversions, industrially-oriented research and clean-up work. Los Angeles is the only US city classified by the federal Environmental Protection Agency as suffering "extreme" smog conditions.

However, recent reports that concentrations of the brown, ozone-spiked haze over southern California have fallen to their lowest levels in 40 years have encouraged pressure for less stringent regulation from the Republican state governor, Mr Pete Wilson, and other proponents of reduced government "interference" in business.

The plan's supporters suggest the expanded credits market and the fund would spur investment in regional environmental protection industries and create jobs. They say the plan would also disarm critics who claim the 100-plus regulations governing industrial atmospheric emissions deter inward investors and are unnecessary given the rapidly improving condition of the region's air.

The scheme's future appears to depend on the region's industry, which has been asked to offer its views on the proposals. The business community has an influential ally in Mr Wilson, who is rebuilding his reputation after his failed early run in the presidential stakes last year, on his posture as a "friend of business."

As capital investment migrates to nearby western states which have lower taxes, fewer regulations and no riots or earthquakes California's administration is easing fiscal and regulatory burdens on industry. Recent examples include a bill introduced in the state assembly to reduce corporate and personal incomes taxes by 15 per cent over three years, and the effective withdrawal of a mandate which would have forced car manufacturers to sell fixed quotas of emission-free electric cars in the state, starting in 1998.

Regional criticism of legislation and other manifestations of the 1990 federal Clean Air Act has been encouraged by attacks in Washington where Republicans have singled it out as an example of excessive centralised regulation. But the EPA says there are still more than 40 urban areas in the US – including Washington, DC – where the air is unsafe by federal standards.

While concentrations of carbon monoxide and smog in the air over Los Angeles have been reduced by half since 1990, smog conditions in Sacramento, home to Mr Wilson and the state legislature, have deteriorated from "serious" to "severe" by federal measurements.

Menem toys with end to the 'Cavallo factor'

David Pilling on how the Argentine president has isolated his once-indispensable economy minister

The political marriage between Argentina's President Carlos Menem and Mr Domingo Cavallo, his economy minister, has long been one of convenience. Mr Menem has since 1991 moved the levers of the Peronist movement to provide Mr Cavallo with the space in which to unfurl his free-market economic vision. Mr Cavallo has, for his part, slain hyperinflation and delivered the economic stability – albeit fragile – that paved the way for Mr Menem's triumphant re-election last year.

But the marriage now appears to be on the rocks. Last week the two men clashed over a plan, cooked up behind Mr Cavallo's back, to involve trade unions in economic decision-making. Mr Cavallo said the proposal, as well as intruding on his authority, threatened a "return to old-style Peronism with its failed recipes of statism and dirigisme".

The clash – the first face-to-face confrontation in a long series of squabbles conducted through intermediaries – ended in the usual denials that Mr Cavallo was about to be ejected from government. But Mr Eduardo Bauzá, the cabinet chief and most reliable indicator of Mr Menem's thoughts, was crystal clear when he warned: "Any minister not in agreement with the president's policies must leave the cabinet."

The flare-up is the culmination of several weeks during which Mr Cavallo's authority has gradually been undermined. Perhaps the hardest blow was the dismissal this month of the minister's collaborator and daily jogging partner Mr Haroldo Grisanti as head of the state postal service. Mr Menem, apparently without warning, casually gave Mr Grisanti his marching orders during a radio interview. Responsibility for the post office, as well as the multi-billion dollar telecoms industry, was summarily removed from Mr Cavallo's portfolio.

Last week, another Cavallo appointee fell. Mr Hugo Gaggero, head of the tax office, was dismissed because of his proximity to the IBM-Banco Nación scandal in which bribes were allegedly paid during the award of a $249m contract. The federal judge investigating the case is soon expected to decide whether to press charges, possibly against several of Mr Cavallo's allies.

Menem: unhappy

It is ironic that Mr Cavallo, whose tirade against "mafias" and government corruption last August seriously soured relations with Mr Menem, should see such accusations against his own team. The minister's defenders argue that the far-from-independent justice system appears to work with surprising alacrity when it comes to prosecuting Mr Cavallo's collaborators, but grinds to a halt when the finger is pointed elsewhere.

The swirl of court cases, the loss of allies and the contraction of ministerial responsibility has left Mr Cavallo – long chastised by the local media for wielding "excessive" power – looking weak and alone. Furthermore, Mr Cavallo is less able to defend himself as he was in 1991-94, when economic growth was rattling along at an annual 8 per cent, or as in 1995 when his economic stewardship was seen as vital to save Argentina from collapse during the shockwaves from the Mexican financial crisis.

Now the economic background is of recession and record unemployment, providing Mr Cavallo's ideological enemies with potent ammunition. The most powerful salvo to date was the suggestion last week – subsequently watered down by Mr Menem – that an Economic and Social Council, formed in conjunction with union and business leaders, should have a hand in dictating economic policy.

Cabinet proponents of greater economic intervention suggested forming the council as a way of heading off a general strike planned for March 26, and of responding to signs of social discontent.

The Roman Catholic Church this week urged the "immediate softening and humanising" of the economic model to ameliorate "hyper-unemployment and social exclusion". Even the pro-business Industrial Union has taken to complaining about Mr Cavallo's apparent impotence in the face of recessionary woes, saying: "It does no good to cry crocodile tears about high unemployment if there are no concrete proposals to tackle problems faced by domestic industry."

The political instincts of Mr Menem – unlike Mr Cavallo a Peronist through and through – is to make gestures of reconciliation towards such groups. Mr Cavallo's reaction is to ignore the buzz of protest and concentrate on the business of deepening economic reforms, which he believes provides the only long-term solution.

Mr Cavallo's aides are adamant that he will not quit. If, as many believe, he entertains presidential ambitions, he will not wish to be remembered as having left the economy in the recessionary lurch.

If Mr Cavallo is not prepared to jump, Mr Menem may not yet be willing to push. Although much work has been done by the minister's enemies to prepare domestic and international opinion for life without Mr Cavallo, a residual fear exists that a messy sacking could bring disaster. The minister's supporters, at home and abroad, regularly conjure up the chimera of a run on the banks and a return to hyperinflation should Mr Cavallo be elbowed out.

Many observers suspect that Mr Cavallo remains the only credible bulwark between Argentina and the economic abyss. That belief may just be enough to keep the minister in his post for some time.

US pledge brings IDA funding deal

By Robert Chote, Economics Editor, in Washington

Officials from more than 30 countries have hammered out a three-year funding deal for the International Development Association, the arm of the World Bank which lends to poor countries on highly subsidised terms.

At a meeting in Tokyo yesterday, the US administration formally pledged $800m to IDA in each of the financial years beginning in mid-1997 and mid-1998. The other donor countries – which have the right to vary their contributions in proportion to that of the US – pledged a further $3.2bn in each year, giving a total of $4bn.

Negotiations on this, the 11th replenishment of IDA, have been dogged by uncertainty about the size of the US contribution. The Senate and House of Representatives last year rebuffed the Clinton administration's request for $1.4bn for the final year of IDA's 10th replenishment, agreeing to provide only $700m.

Fears still remain that a newly elected Congress will fail to honour the administration's commitment to IDA-11 when the time comes. If so, other donor countries will have the right to scale back their contributions accordingly. The donor representatives agreed in Tokyo to convene an early meeting if it looked likely that the financing deal was getting into trouble.

In the coming financial year, IDA projects will be financed from a $3bn emergency fund to which the US will not contribute. As a result the US will be frozen out of decision-making and procurement contracts, following a similar precedent set in 1984. The US will instead pay $934m during the coming financial year to clear its arrears from the previous replenishment.

In addition to the $11bn provided by donor countries over the next three years, the funding package will include a further $11bn made up from past donor contributions, the repayment of existing IDA loans and contributions from the general resources of the World Bank.

The total sums available are a little less than the World Bank hoped for 12 months ago, but rather more than some participants feared likely at the turn of the year. In addition to the overall funding level, IDA's commitment to developing countries will also come under pressure because of the $400m which the association is set to pledge to Bosnia over the next three years.

Sven Sandstrom: 'a significant achievement'

Mr. Sven Sandstrom, the World Bank managing director who has chaired the IDA negotiations over the last 15 months, said that yesterday's agreement provided "a strong financial base for IDA for the next three years, and that is a significant achievement". However he added that the problems encountered in reaching an agreement underlined the importance of "assured mechanisms" to help the poorest countries in the future.

IDA provides money in 78 countries where income per head is less than $865 a year. It supports projects in areas such as primary education, health services, basic infrastructure and clean water provision.

Editorial comment, Page 13

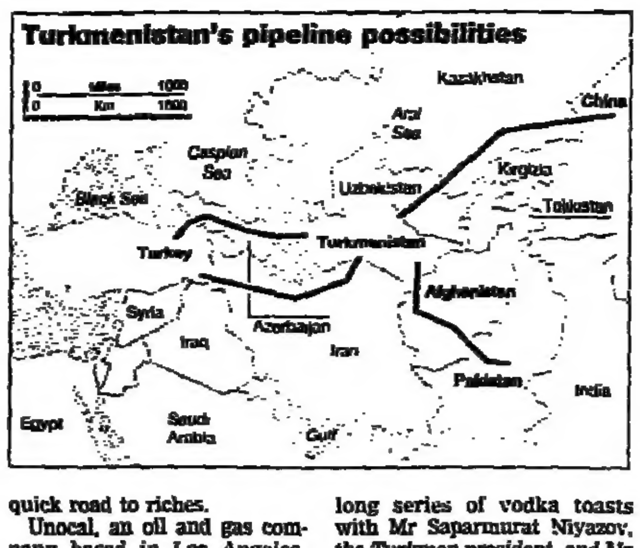
Oil groups vie to pipe Turkmen gas wealth

Oil and gas companies last week descended on Ashgabat, the capital of Turkmenistan, to promote competing proposals for a pipeline that could unlock the world's third largest gas reserves.

When they broke away from the Soviet Union in 1991, many of Turkmenistan's 4m inhabitants believed estimated reserves of 13,000bn cubic metres would soon make them as wealthy as Kuwaitis. Instead, the country went broke when Russia cut off access to the only export pipeline to hard currency markets, preferring to sell its own gas instead. This forced the country to reduce production to a quarter of Soviet-era levels.

Delegates at the conference treated Turkmen officials to satellite pictures and computer simulations, but none could offer a safe, affordable and quick road to riches.

Turkmenistan's pipeline possibilities



Unocal, an oil and gas company based in Los Angeles, appeared to lead the race as it skipped the conference for a long series of vodka toasts with Mr Saparmurat Niyazov, the Turkmen president, and Mr Rem Vyakhirev, chairman of Russia's gas monopoly Gazprom. Unocal is proposing a 1,400km gas pipeline with an annual capacity of 20bn cubic metres (bcm), along with an oil pipeline, through Afghanistan to Pakistan.

Unocal is aware that much of the pipeline will go through a war zone controlled by Afghan rebels. "There are no obvious ways out," said Mr Marty Miller, Unocal vice-president.

Unocal may get much of its financing from its partner in the region, Delta Oil of Saudi Arabia. But it must also convince Russia's Gazprom, which owns 45 per cent of a joint venture with the Turkmen government for much of the country's exports and has a de facto veto over other projects. Many western gas experts expect Gazprom to oppose any pipeline that could loosen its grip on Turkmenistan.

Iranian and Turkish delegates claimed they could relieve Turkmenistan of up to 27 bcm of gas a year by pumping gas south through Iran and Turkey to western Europe. Iran is already building 140km of pipeline from southern Turkmenistan to the Iranian border in return for 8 bcm of gas. Turkmen officials openly support this route, but none of its supporters could say how they would finance a pipeline capable of transporting 27 bcm. As the US boycotts Iran, few western investors are likely to risk upsetting Washington.

A third route, proposed by US-based Oil Capital and the Turkish pipeline company Botas, would run across the bottom of the Caspian Sea to Azerbaijan, and on through Georgia or Armenia to Turkey. The route would be short but expensive, and Mr Amangeldy Esenov, the Turkmen oil minister, dismissed it out of hand. "The fewer states the pipeline crosses, the more reliable it is," he said.

That wisdom could doom a feasibility study by Exxon Corp, Mitsubishi Corp and China National Petroleum Corp, for a pipeline of up to 8,000km through Central Asia and China to Japan or South Korea. "We have high cost, and multiple countries. We've got some mountains to cross," admitted Mr Paul Pike, Exxon's business development adviser. "We have a long way to go."

"It's just a matter of time before it all explodes and opens up," one western diplomat said. "A pipeline will be built. The market is there. The will is there. But which one? It's completely up in the air."

Sander Thoenes

European Commission grapples with the content of chocolate

Alison Maitland on a contest between cocoa growers and confectioners

The European Commission faces a sticky problem over the next few weeks as it grapples with new chocolate manufacturing rules which developing countries fear could badly damage their cocoa exports.

Far from engendering universal pleasure, the composition of European Union chocolate places cocoa producers at loggerheads with EU confectioners and splits member states down the middle.

At issue is the use by seven member states, including Britain, of vegetable fat in chocolate products as an alternative to cocoa butter. The other eight countries, including France, Belgium and Germany, are not allowed to use any vegetable fat other than cocoa butter.

The Commission, which has been struggling to replace the outdated 1973 chocolate directive for the past three years, is due to discuss the problem next Wednesday. The chocolate manufacturing industry says it expects a new draft directive this month or next.

Manufacturers argue that using more malleable vegetable fats allows development of innovative products such as chocolate with bubbles or twists, offering consumers greater choice.

Pressure for reform began when member states called for a simplification of food directives at the Edinburgh summit in December 1992. But the problem soon became one of harmonising the Ecu17bn ($21.3bn) chocolate market under single market rules.

Britain, Denmark and Ireland are allowed to use up to 5 per cent vegetable fat in their chocolate under an exemption from the 1973 directive. But the legal position of Portugal, which joined the EU in 1986, and new members Austria, Sweden and Finland, all of which also use vegetable fat, remains uncertain. They are anxious for clarification.

Cocoa producers, fearful the Commission will bow to manufacturers' pressure to allow all member states to use vegetable fat, have mounted a strong campaign in the EU.

During a break at last week's meeting of the International Cocoa Organisation in London, Mr Kouame N'guessan, spokesman for cocoa-growing countries, warned such a move could lose them 200,000 tonnes of exports to the EU a year.

The cocoa organisation, which represents producers and consumers, last year estimated the potential additional loss of cocoa beans could be between 88,000 and 125,000 tonnes. The EU uses about 1.1m tonnes a year, mainly for chocolate – at least 50 per cent more than a decade ago.

"We don't understand why, with a surplus of cocoa, people are looking for alternatives," said Mr N'guessan. "Producer countries have organised themselves to provide abundant supplies."

Mr Martin Bangemann, EU industry commissioner, is anxious to find a compromise. He has suggested allowing member states to continue producing chocolate the way they do now but insisting on clear labelling to indicate whether it contains vegetable fat.

Mr N'guessan conceded that keeping the *status quo* would be "a little less bad" than permitting the whole EU to use vegetable fat. But he said producers wanted vegetable fat content "harmonised at zero".

The producers are backed by the British charity Oxfam, which says African countries would lose revenue if all member states used alternatives to cocoa butter such as sheafat, which is three times cheaper.

Caobisco, the European chocolate, biscuit and sugar confectionery association, whose members together represent the world's biggest single purchaser of cocoa beans, maintains producing countries would lose no more than 25,000 tonnes of exports a year.

Mr Baudouin Michiels, Caobisco president, says maintaining the EU *status quo* would be unacceptable. Confectioners wanting to export have to abide by the production rules in the target country "and this makes the production process more complicated".

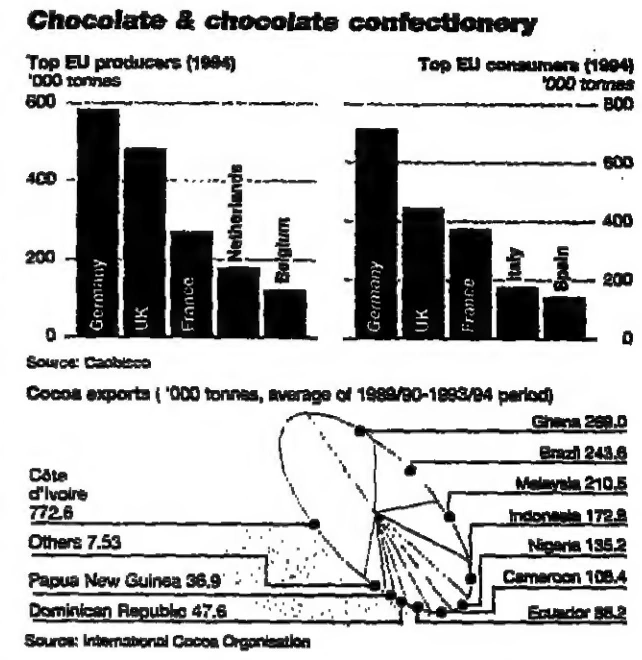
If the existing split were enshrined in EU law, companies could take legal action against the Commission, he said. "The single market is not just on paper, it has to be a reality."

Even Mr Bangemann's apparently straightforward proposal on labelling could prove contentious. Cocoa purists want labelling to specify "chocolate with vegetable fats" on the front of the bar or package. Manufacturers say the place for vegetable fat content is the ingredients list on the back.

The Commission has another headache. The International Cocoa Agreement, to which the EU is a signatory, says the Commission will not do anything that would reduce cocoa consumption. "Legally it's complicated," said a Commission official.

Officials fear stalemate when the issue is referred to member states – and they say the chocolate row could run and run.

Chocolate & chocolate confectionery

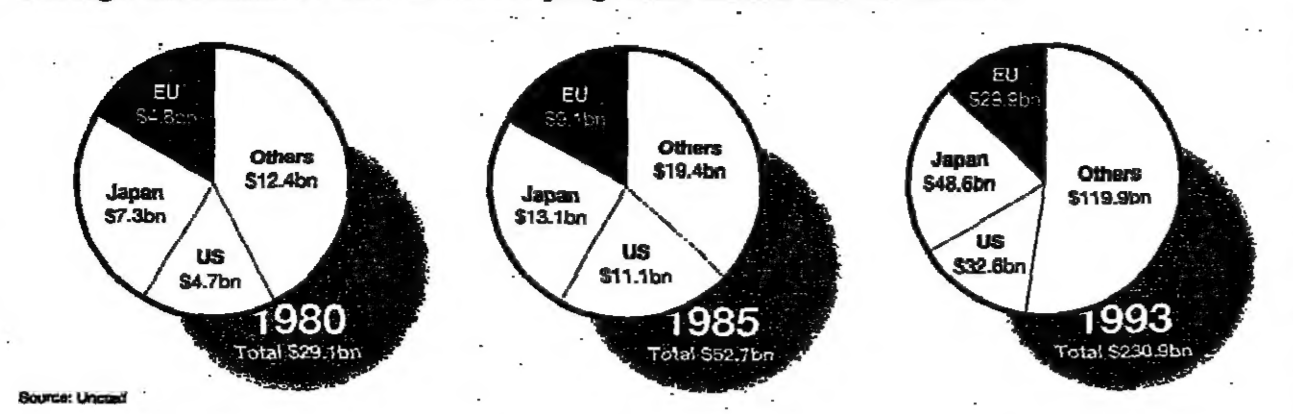


NEWS: WORLD TRADE

Europe's business record in Asia under fire

By Caroline Southey in Brussels

Foreign investment stock in developing Asia: where the EU stands



Source: Unctad

European companies must stop relying on direct exports and build up extensive sales networks in Asia if the EU hopes to improve its poor investment performance in the region and catch up with Japanese and American businesses.

In a hard-hitting report on the EU's investment record in Asia, the EU Commission and the United Nations Conference on Trade and Development (Unctad) conclude that Europe has "underestimated growth potential in Asia", and that extending economic links between the two regions can "only come from business itself".

The study will serve as the basis for discussions between 60 European and Asian business leaders in Geneva on April 1, the first in a series of meetings set up after the recent summit of Asian and European leaders in Bangkok.

The report believes the EU is not fully exploiting the growing market potential of developing Asian countries. It points out that between 1988 and 1993 foreign direct investment stock in the region doubled, with investment flows reaching an estimated $59bn in 1994, compared with $32bn in 1992.

Japan, the US and EU are the main sources of foreign direct investment for the region. However the EU has the smallest share, accounting for 13 per cent of the foreign direct investment of nine east and south-east Asian developing economies in 1993, down from 17 per cent in the 1980s.

EU businesses had been diverted from Asia by opportunities closer to home, such as successive enlargements of the EU and changes in central and Eastern Europe.

At the same time US and Japanese businesses had developed a competitive edge over their European counterparts which had relied more on direct exports than establishing extensive marketing networks.

The EU had concentrated on investing in countries within the union, pouring 46 per cent of its total foreign direct investment into other EU countries in 1993. Japan and the US, on the other hand, had "accorded greater importance to developing countries".

Nearly a third of US and Japanese FDI stock was located in developing countries in 1993, more than twice that of the EU.

Although the EU's Asian presence was smaller than its main competitors, the pattern was not uniform. The EU's growing presence was mainly in Korea, Hong Kong and Singapore.

But its total share of foreign direct investment in China had declined since 1985 – as had its share in the Asean sub-region where EU investments had not kept pace with the overall growth of FDI.

EU foreign direct investment was also concentrated in only a few industries with chemicals, petroleum, other services and financial services accounting for nearly 70 per cent of all investments in 1993. The EU's presence in labour-intensive industries such as metals and textiles was small compared with the rest of the world.

The EU's investment in the transport-equipment industry was "striking" by its "virtual absence". The report compares investment in the industry by US transnationals of $391m by 1994 with Germany's investments of $53m and France's of $13m in 1993.

Azeris in alumina plant agreement

By Stefan Wagstyl, Industrial Editor

Trans-World Metals, a London-based metals trading company, is taking over the management of a state-owned alumina plant in Azerbaijan and investing $45m in its modernisation.

Under an agreement signed with the Azeri government, Trans-World is also acquiring rights to buy control of the Ganja plant when the authorities launch a privatisation programme in the next year or so. In addition, the company is negotiating with Azeri officials to acquire management control of a nearby smelter at Sumgait, which makes aluminium from Ganja's processed alumina.

Trans-World said the agreements were the first moves to bring foreign management into big Azeri state enterprises, outside the oil industry. The country has been slower than Russia and some other parts of the former Soviet Union to liberalise its economy and open it to foreign investment.

Both the Ganja alumina plant, which has a capacity of 400,000 tonnes a year, and the smelter, with a maximum annual output of 60,000 tonnes, have been working well below capacity since the Soviet Union's collapse. Trans-World said that both needed refinancing to pay power bills, wages and other arrears. Both also need significant investment to achieve full capacity.

Trans-World, a trading company which is developing growing interests in production, has in recent years made big investments in Russia, where it has acquired stakes in leading aluminium smelters. It estimates that with partners its Russian investments total $1.5bn. The company is embroiled in legal disputes over the ownership of shares in some of its Russian investments.

Brittan urges US to stop use of unilateral trade pressure

By Guy de Jonquières, Business Editor

Sir Leon Brittan, Europe's trade commissioner, yesterday warned the US that its attempts to solve trade disputes through unilateral action were no longer effective and called for a new co-operative approach based on multilateral principles.

He said Japan's refusal last year to bow to US pressure to set targets for car imports, and its rejection of US demands for renewal of the two countries' semiconductor agreement "point to the conclusion that the days of the old US approach are numbered".

"In our view, there is no longer a place for unilateral action or the threat of it," Sir Leon said in Washington. "An increasing number of countries are now prepared to resist unilateral pressure, and this must be beneficial for the world trading system in the long term."

He said the EU and the US had worked hard to establish an effective multilateral trade system and must now make it work.

The development of closer links with Asian countries, in particular, was creating opportunities for wider global co-operation.

Sir Leon said last month's Asia-Europe (Asem) summit in Bangkok was an "historic first", which marked the start of a dialogue between the two regions. However, he said Asem did not aim to be a rival to the Asia Pacific Economic Co-operation (Apec) forum and was not intended as a regional trade liberalisation system.

He said he was satisfied so far that Apec's 18 members planned to liberalise regional trade on a non-discriminatory basis, which would be compatible with World Trade Organisation rules.

"However, there are voices in America which argue that market opening in Asia should be on a preferential basis. That would limit the gains from liberalisation and would be opposed by most Apec members.

Without explicitly mentioned recent US threats to impose trade sanctions on China over software piracy, Sir Leon sought to portray the EU's more patient, low-key approach to the problem as just as effective.

He said the EU was spending substantial sums on technical assistance to help China stamp out intellectual property rights violations.

"Gradually, the Chinese creators of brainwork are coming to see that it is in their interests to have proper protection, and that our proposals for rapid implementation and enforcement of world standards of protection are a spur to China's economic growth and not a purely selfish gambit," he said.

He also announced that he was organising a transatlantic seminar in May to ensure that European and US approaches to Chinese software piracy shared the same objectives.

Sir Leon also defended the EU's approach to trade problems with Japan – much criticised by the US – did not involve "softly softly" tactics. He argued that co-operation with the Japanese government and long-term investments by European industry had produced results.

European car manufacturers had now captured 5.8 per cent of Japanese sales, almost twice their share of the US market. They had 200 right-hand-drive models on sale in Japan, compared with only two models exported by Detroit.

WORLD TRADE NEWS DIGEST

Asean warns on US shrimp ban

The Association of South-East Asian Nations (Asean) yesterday warned that its members may complain to the World Trade Organisation over an impending US ban on imports of wild harvested shrimps from countries that have not adopted US-style sea turtle conservation programmes.

The Philippines, on behalf of Asean members, told a meeting of the WTO's council on trade in goods that the import ban, due to come into force on May 1, was in breach of WTO rules by requiring other countries to comply with US law.

The move threatens to embroil the WTO in another unwelcome high-profile environmental row comparable with the so-called tuna-dolphin case. Two dispute panels set up by Gatt, the WTO's predecessor, condemned the US embargo on tuna from fishing fleets that did not protect dolphins to US standards. However, Washington, backed by the environmental lobby, has never accepted the rulings.

Also yesterday, the European Union, Mexico, Canada and several other countries repeated their concerns at new US legislation tightening economic sanctions on Cuba. Meanwhile, Brazil said it had requested a waiver to WTO rules for local content and export requirements imposed on foreign car manufacturers. *Frances Williams, Geneva*

Japan in China chip venture

Mitsubishi Electric and Mitsui of Japan will launch a joint semiconductor manufacturing venture in China later this month. The venture, Mitsubishi Stone Semiconductor, will build a plant in Beijing to manufacture and test various computer devices, including application specific integrated circuits (ASICs), microcomputers and memories.

The plant is scheduled to start operation in May 1997, manufacturing 5m chips a month, rising to 10m units in 1998. Stone Group will market Mitsubishi brand semiconductor devices in China. China last year produced a total of 350m IC chips. *Kyodo, Tokyo*

Japanese chip imports rise

The foreign share of Japan's semiconductor market reached a record 29.6 per cent in the fourth quarter of 1995, up from 26.2 per cent in the third quarter.

Mr Mickey Kantor, the US trade representative, said this success pointed to the need for a renewal of the US-Japan semiconductor pact, which expires on July 31. Japan, however, does not want to renew the agreement.The Electronic Industries Association of Japan described the pact is "an anachronism". *Nancy Dunne, Washington*

Call for global telecoms pact

Representatives of 18 telecoms and computer companies from the seven biggest market economies yesterday called for successful conclusion of a global telecoms pact being negotiated by the World Trade Organisation. Members of the group, including AT&T of the US, British Telecom, France Télécom, Deutsche Telekom, Japan's NTT and Teleglobe of Canada, were in Geneva to see WTO officials responsible for the negotiations which are due to wind up at the end of April.

In a statement the companies, all members of the Group of Seven Business Round Table, said they fully endorsed an accord that included fair and non-discriminatory market access, the removal of regulatory barriers that impede investment, the creation of independent regulatory authorities and "visible monitoring for the transition from monopoly to competition". *Frances Williams, Geneva*

Damascus to discuss Euro-Med free trade zone plan with EU

Syria set for partnership talks

By David Gardner, Middle East Editor, in Damascus

Syria is poised to begin negotiations on a "partnership" agreement with the European Union as part of EU plans to create a 27-nation Euro-Med free trade zone with Middle East and North African states by 2010, according to senior EU and Syrian officials.

The move, which Damascus is expected to announce soon, would give a powerful boost to Syria's attempts to re-align itself internationally and reform its command economy, a hesitant process begun after the break-up of the Soviet Union, which had been Syria's main sponsor.

The Euro-Med strategy aims to enhance regional stability by eventually setting up a free trade area linking the Mediterranean's northern and southern shores. Initially the EU would provide around $6bn in aid and soft finance from 1996 to 2000 to help participants prepare for the zone by modernising their economies.

The strategy also aims to spur intra-regional trade, by lowering EU barriers to those Middle East countries which reach free trade deals among themselves and whose enterprises link to produce and export goods. Most Arab nations still boycott Israel and do only 8 per cent of their total trade with each other.

The partnership agreements – similar to the association pacts with east and central European nations but without any prospect of EU membership – are the building blocks in the Euro-Med strategy, forged at November's summit in Barcelona of the EU and 12 Middle East and North African countries.

Morocco, Tunisia, Jordan and Israel have already reached such agreements, while all other eligible countries have started talks; Syria was the missing link in the chain.

Syria, along with its ally Lebanon, boycotted October's Middle East and North Africa economic summit in Amman, complaining that it was dominated by the US and Israel. But both countries, along with Israel, signed up to the Euro-Med strategy in Barcelona, feeling more comfortable with the EU in the chair.

Damascus told visiting EU foreign ministers three weeks ago it wanted a partnership agreement, but has yet to formally announce its decision. An inter-ministerial Syrian team met a senior Brussels delegation in Damascus this week for explanatory talks, expected to evolve into formal negotiations by June.

Syria started moving slowly towards a market economy as aid from eastern bloc and Gulf countries started drying up five years ago.

A law liberalising foreign and domestic investment has since drawn in over $6bn in mostly Syrian and Lebanese expatriate capital. The regime, however, has still not made up its mind to liberalise the rudimentary financial system.

Syria gets only Ecu79m ($101m) of the Ecu340m in EU grants and soft loans to which it is entitled under its existing trade and co-operation agreement with Brussels, because of mounting debt arrears with EU member states.

It gets a further Ecu55m for signing the Barcelona framework, aimed at such projects as modernising state-owned banks and reforming the Finance Ministry.

Cosmetic brands fear a wave of parallel imports into Japan

By Emiko Terazono in Tokyo

The Japanese government's recent move to remove regulatory barriers blocking cosmetic imports has been warmly welcomed by female consumers but foreign cosmetic manufacturers are not celebrating. "This deregulation was not for the cosmetic industry as a whole," says Perfums Christian Dior Japon, which distributes Dior scents in Japan.

The Ministry of Health and Welfare removed a regulation under the drug law, which requires importers to submit manufacturer certified lists of ingredients for cosmetic products. The law had, in effect, restricted cosmetic imports to Japanese subsidiaries of foreign manufacturers or licensed importers able to obtain certified lists of ingredients. It had kept out cheap parallel importers which undercut designated importers by offering products obtained through unofficial distribution routes.

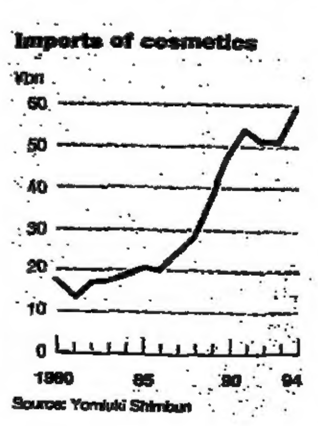
The ministry requires basic ingredient labels, without manufacturers' certification, to ensure that imported products do not contain substances prohibited by the Japanese government. Australia and the US already require ingredient labels for cosmetics, and the EU will also do so in 1997. Foreign brand name cosmetics can now be brought in to Japan from these countries by parallel importers at 30 to 50 per cent discounts to those offered by official distributors.

Cheap parallel imports have already changed the landscape of many markets including beer, wine, designer brand clothes and other consumer items.

Industry estimates say Japanese tourists bring some Y80bn ($755m) worth of cosmetics bought overseas into the country each year. "Now consumers can buy cheap famous brand names in Japan," according to Pasona, a company which owns a discount retailer in central Tokyo and which launched a petition to abolish the rule last December.

Parallel imports have long been a source of contention between Japanese retailers and foreign brand name manufacturers. European ski equipment makers and US car parts makers have tried to stop parallel imports by pursuing patent claims on their goods. However, the Fair Trade Commission, the antitrust watchdog, recently ruled that attempts to block parallel imports by designated importers were illegal.

Imports of cosmetics



Source: Yomiuki Shimbun

Earlier this month, the commission accused an agent of Herend Porcelain Manufactory, a Hungarian porcelain maker, of violating the anti-monopoly law by trying to obstruct a discounter from selling the products at prices 30 per cent lower than the official price.

The Health and Welfare Ministry's deregulation of the drug law has prompted a number of discount retailers and supermarket chains to express their interest in importing cosmetics. Pasona wants to start offering brands including Chanel, Christian Dior and Clinique products in April. Daiei, the country's largest supermarket chain, and Seven-Eleven, a convenience store chain, have announced that they would conduct a market survey.

Foreign brand manufacturers, which are likely to see lower profit margins, are expected to introduce lines especially for the Japanese market. Japanese cosmetic makers say they do not expect to be affected immediately by cheaper parallel imports.

Some industry analysts point out that the increase in parallel imports of cosmetics could lead to confusion when product liability claims arise. Many designated importers store their cosmetics at proper temperatures and dispose of products which have exceeded their shelf-life, but it is feared that other importers may not take such precautionary measures.

Delhi backs plan to spur reforms

ADB will shift lending to states in India

By Mark Nicholson in New Delhi

The Asian Development Bank is preparing a substantial redirection of its Indian lending priorities.

Its priorities will shift away from support to projects co-ordinated with the central government and towards direct assistance to individual states that the bank considers willing and able to undertake structural reforms.

The ADB is already in advanced talks with the industrialised western state of Gujarat for a co-ordinated programme of lending which could total $1bn over the next four years, according to Mr Richard Wada, the ADB's resident representative in New Delhi.

The bank, which lent $650m to India last year and aims to raise this to $1bn within two years, has short-listed the states of Andhra Pradesh, Kerala, Karnataka and Rajasthan as potential future recipients of direct lending.

Present ADB lending is entirely negotiated with the central government or directed through India's central development finance institutions.

Recent loans have included $250m to assist capital market reforms, $275m to assist the PowerGrid Corporation of India and joint lending with the Japanese Eximbank of $600m for infrastructure projects to be on-lent by Indian financial institutions.

However, Mr Wada said the bank aimed to commit a third of next year's lending directly to state governments, rising to half of total lending within three years. "We are shifting our focus very substantially," he said. "It is a new approach we are trying, with the full support of the central government."

The shift reflects the bank's view that for India's four-year-old economic reforms to take root and accelerate, changes must be encouraged at state level. Some states are considered more willing than the centre to undertake radical reforms, such as privatisation, partly because they are under graver fiscal pressure than the centre.

The ADB's shift also follows greater encouragement by India's central government for competition for investment among states, and reflects a growing view in several New Delhi ministries that successful structural reforms in some states will stimulate similar reforms in others.

The World Bank has partly pioneered the shift among donors by offering substantial lending to states that undertake structural reforms of their loss-making electricity boards. The bank is considering lending on these lines for Orissa and potentially Haryana.

But the ADB aims to go further by offering "programme" lending to states. This lending, combined with technical assistance, would aim at reforming wider areas of states' public sectors and restructuring the very basis of state finances.

India's Supreme Court yesterday ordered the Central Bureau of Investigation, the federal police, to probe a financial scandal unfolding in the impoverished state of Bihar, Reuter reports from New Delhi. The court endorsed an earlier order of the High Court in the state capital of Patna which had accepted the plea of the rightwing Hindu Bharatiya Janata party demanding a federal probe into the affair.

The socialist Janata Dal party state government of Chief Minister Laloo Prasad Yadav has been accused of siphoning off more than Rs5bn ($150m) from the state's animal husbandry department. Mr Yadav denies the charges.

The Supreme Court asked the state government to hand over all the files of the case to the investigation bureau.

Japan bid to restart talks with Russia

By William Dawkins in Tokyo

Japan will today seek to give fresh impetus to long-stalled talks with Russia over debt repayments and the disputed ownership of a group of islands north of Japan.

Mr Yukihiko Ikeda, Japan's foreign minister, last night flew to Moscow for a one-day meeting with Mr Yevgeny Primakov, his Russian counterpart, the first contact at this level for two years between these sometimes uneasy neighbours.

The visit is to prepare for a bilateral meeting between Mr Ryutaro Hashimoto, prime minister, and President Boris Yeltsin in Moscow next month, in the margins of an international summit on nuclear safety.

Mr Ikeda will call for the reaffirmation of a 1993 agreement to discuss sovereignty of four islands, called Northern Territories by the Japanese and the Kuriles by the Russians, which were occupied by Soviet troops in the closing days of the second world war.

There has been no progress on the dispute since the 1993 accord, said a foreign ministry official. Japan is keen to get a Russian agreement to resume dialogue before Moscow runs into presidential elections in June to ensure that it does not become a serious election issue, said officials.

Also on the agenda is a controversy over a proposed $500m loan from the Export-Import Bank of Japan. The Tokyo government wants the cash to be spent on the economic development of the Russian far east, including a port expansion which would improve exports of cheap farm produce to Japan.

Moscow, however, wants to spend at least part of the money on industrial development in European Russia.

Mr Ikeda is likely to raise Japan's increasingly urgent concerns over Russia's $1.1bn of bilateral debt arrears. This is seen as a barrier, along with an uncertain legal climate, to any rise in Japan's small direct investment in Russia.

Manila disco fire gives rise to safety warning

By Edward Luce in Manila

Safety experts have warned the Philippine government that corruption and incompetence among public officials may lead to more disasters on the scale of the nightclub fire in Manila which claimed at least 150 lives early yesterday.

The fire at the Ozone club was the world's worst nightclub disaster since 1977, when 164 died in Kentucky, and the deadliest fire in Philippine peacetime history. The disaster could have been prevented if public officials had done their job, said experts.

"President [Fidel] Ramos has set up an inquiry to look into who was guilty in this particular instance but the problem is that the whole system is guilty," said Professor Alex Magno at the University of the Philippines. "There are thousands of buildings all over Manila which break simple safety regulations because local government inspectors are easy to bribe."

The Ozone, a popular middle class disco, had one small exit with a door opening inwards and no other emergency precautions. Officials say it was in clear breach of building and fire codes and should not have been given a business licence.

Municipal engineers are paid less than 4,000 pesos ($150) a month to evaluate business permits, while fire officers start at 2,800 pesos.

"The most important point to make is that a large number of municipal engineers are not engineers at all because those who are qualified get far better paid jobs in the private sector," said Prof Magno. "Second, those who are qualified will more often than not prefer an inducement of 2,000 pesos to spending half a day wandering round a building and poring over charts."

Experts also blame administrative incompetence and graft for a spate of national maritime disasters – most recently last month when 50 died after a ferry sank in central Philippines, and the world's worst sea disaster in 1987 when 3,000 died after the Dona Paz ferry collided with an oil tanker off Mindoro island. The ferry which sank last month was overloaded with passengers and deemed unseaworthy by maritime experts but was still permitted to leave port.

"It is very difficult to say that any of us have confidence in the public sector when there is so much corruption and so few resources," said Mr Guillermo Luz, secretary of the Makati Business Club, the country's largest private sector group. "This affects the civil service from top to bottom."

Senior police officers, a number of whom were recently indicted for taking cuts from kidnapping rings, are paid less than 25,000 pesos a month, while the president receives barely more than 26,000 pesos. The salary of senators is fixed by the 1987 constitution at 17,000 pesos and can be upgraded only by new legislation. Private sector pay for the average middle manager is at least three times as high as the cabinet minister's salary.

Two women hold pictures of their son and daughter, who are believed to have perished in the disco fire early yesterday

World Bank criticises welfare for the poor

By Edward Luce

The World Bank yesterday advised the Philippine government to scrap its welfare-based approach to reducing poverty, citing evidence that the policy had been largely ineffectual.

In a report timed to coincide with a "poverty summit" called by the Manila government, the World Bank said that standard government micro-credit and "people's livelihood" schemes directed at the poor were generally missing their target.

Almost 37 per cent of the country's 68m people live below the poverty line, a much higher proportion than the regional average.

The three-day conference, involving 2,000 delegates from the government, private sector and non-governmental organisations, has been billed by the administration as the most concerted attempt to tackle poverty in the country's history.

A World Bank official, however, said yesterday that the meeting, which has focused mainly on achieving "consensus" and promoting "participatory development", was unlikely to achieve much. The official also advised the government to reconsider plans to set up a 5bn peso ($200m) Community Bank for the Poor modelled on the Grameen Bank of Bangladesh, pointing out that the Philippines already had several institutions fitting that description.

"At the moment the Philippines has 111 subsidised credit programmes for the poor, but unfortunately there is no evidence to show that they have achieved anything substantive," said Ms Erika Jorgensen, an economist at the World Bank.

"What the government should do is focus on what it is best capable of doing, which is to promote growth and macro-economic stability."

The report says the government should redirect resources from higher education to primary education and increase spending on infrastructure, which, at 3 per cent of gross domestic product, is less than half the regional average. The report says that the Philippines' Gini co-efficient, which measures income inequality, is the same as it was during the 1960s.

Beazley takes reins as Labor party leader

By Nikki Tait in Sydney

Mr Kim Beazley was yesterday confirmed as leader of Australia's Labor party, and immediately signalled opposition to the new coalition government's planned expenditure cuts, estimated at almost A$8bn (US$6.1bn) over the next two years.

"You cannot make substantial inroads into [government spending] without making very substantial inroads into the social safety net," he said. "When you start to look at it from that sort of perspective, the notion that you're going to resolve what the government sees as a budget problem with swingeing cuts starts to take on a very different hue.

"We will certainly not be making their task easy in that regard," he warned.

Labor's opposition will be ineffectual in parliament's lower house. However, if it joins forces with minor parties in the Senate, the upper house, it will be able to outvote the Liberal-National coalition government.

Already there has been talk of a possible "double dissolution" – of both houses, to call a new election – if the Senate proves obstructive, although government ministers have played down the likelihood of this.

Mr Beazley, Australia's former deputy prime minister, was appointed opposition leader at the first meeting of Labor's shrunken parliamentary ranks since the heavy federal election defeat on March 2. Mr Paul Keating, the former prime minister, announced on election night that he would not be re-contesting the leadership.

To the surprise of some commentators, however, Mr Keating gave no indication yesterday that he intended to quit parliament immediately. According to Labor party members attending the meeting, the former prime minister made no mention of retiring in his speech.

Mr Beazley's bid for the Labor leadership was unchallenged. Mr Gareth Evans, the former foreign minister, won the contest for deputy leader, beating Mr Simon Crean.

Narasimha Rao: Congress party likely to lose its small majority

General election dates fixed for April and May

By Mark Nicholson in New Delhi

India's general elections will be held on staggered polling days between April 27 and May 21, the country's election commission announced yesterday. Voting for the 545-seat Lok Sabha, or lower house, will be concentrated on April 27, May 2 and May 7, with polls delayed until May 21 in the troubled northern state of Jammu and Kashmir.

The dates, announced by Mr T N Seshan, chief election commissioner, are broadly as indicated by Mr P V Narasimha Rao, prime minister, whose Congress party's five-year term ends in June.

Votes will be counted on May 9, before polling begins in Jammu and Kashmir, where the delay in voting reflects a need for heavy security deployment to police voting. No voting was held in 1991 in the state, which returned six MPs in the 1989 elections.

Though Indian election campaigns are formally just three weeks long, the parties have already begun the courtship of India's 620m-strong electorate, the world's largest, in what promises to be one of the least predictable elections in the country's recent history.

The absence of clear-cut swings, issues or trends have left most Indian pundits forecasting a minority government or hung parliament after the poll. There is unanimity only that the Congress party, which has ruled post-independence India for all but a handful of years, will lose the small majority it enjoys with 259 of the Lok Sabha's seats.

The election will be a popular test both of the sweeping economic reforms introduced by Mr Rao's government following India's 1990 economic crisis and, more recently, of the country's broadest corruption scandal since independence.

Twenty-five politicians from most main parties, including seven ministers and the leader of the main opposition party, have been charged with accepting bribes from a Delhi businessman. Prosecution of the case will proceed through the elections. Some implicated politicians are expected nevertheless to stand for re-election.

Most parties are due to publish election manifestos and settle candidate lists in meetings before the end of this month. However, Hindu nationalist and leftwing parties have already begun staging the mass rallies and political pilgrimages which characterise campaigns in India's vast constituencies, many of which hold 1m-2m voters each.

ASIA-PACIFIC NEWS DIGEST

Singapore hit by retail sales drop

Singapore's January retail sales plunged 11.4 per cent year-on-year, according to figures released by the Department of Statistics which showed people ate out less and spent much less on clothes and cars. Month-on-month, retail sales were down by 1.0 per cent.

"The figures are very bad news for the retail industry," said Ms Chia Woon Kien, an economist with UBS Singapore. "I would imagine that more shops will hold back their expansion plans and cut back on the number of outlets, which is happening already."

She said the figures were partly indicative of poor consumer sentiment but could also mean Singaporeans were spending more abroad to take advantage of the strength of the Singapore dollar.

Other negative factors for Singapore retailers include the oversupply of shop space, falling tourist spending and a 3 per cent goods and services tax introduced in April 1994, according to a report by investment bank J P Morgan. *Reuter, Singapore*

Japan to draft stopgap budget

Japan's coalition government yesterday confirmed plans to draft a stopgap budget for 1996, following the failure yesterday of the latest attempt to persuade the political opposition to lift its 15-day-old parliamentary blockade.

The Y11,500bn ($108.6bn) interim budget, valid for the first 50 days of the fiscal year starting on April 1, will pay for existing government spending projects, but not new ones, such as the highly unpopular plan to allocate Y685bn for the liquidation of bankrupt *jusen* housing loan companies.

Mr Ryutaro Hashimoto, the prime minister, yesterday met Mr Ichiro Ozawa, the leader of the opposition New Frontier party, to discuss the *jusen* scheme.

But Mr Hashimoto refused Mr Ozawa's demand to drop *jusen* spending from the budget.

In return, Mr Ozawa refused to call off his party's sit-in in the corridor outside the lower house budget committee room. *William Dawkins, Tokyo*

North Korea in reactor talks

Top officials of a US-led consortium are to visit North Korea next week to discuss details for light-water reactors to be built in the communist state. An official of the Korean Peninsula Energy Development Organisation said a six-member team led by Mr Stephen Bosworth, executive director, would visit the North from March 26 to 30.

The delegation is the highest-level team from the organisation to travel to North Korea, which will get the new reactors in return for suspending its own controversial nuclear programme.

Under a 1994 agreement with the US, North Korea agreed to shut down its graphite-based reactors and let the consortium replace them with light-water reactors that produce less weapons-grade plutonium. *AFP, Seoul*

Australian imports remain high

Australia's level of merchandise imports was virtually static during February compared with the previous month – a stronger result than most analysts expected. Financial markets had been expecting the figure to dip by around 3 per cent, and the actual outcome confirmed some analysts' suspicions that the Australian economy is still growing, albeit fairly slowly.

Further confirmation of that may come today when national accounts for the fourth quarter of 1995 are released. Most forecasts are for very modest continued growth in the three-month period, with the year-on-year growth rate dipping from 3.3 per cent at the end of the September quarter, to around 3 per cent for the calender year. *Nikki Tait, Sydney*

Brokers close to agreeing $150m payout

By Ralph Atkins, Insurance Correspondent

Lloyd's of London is close to agreeing a £100m ($152m) contribution from insurance brokers for its ambitious recovery plan. But lossmaking Names are threatening a divisive extraordinary general meeting over the amount expected from agents operating at the 300-year-old insurance market.

A deal with insurance brokers would increase prospects of Lloyd's pushing above £3bn its settlement offer to lossmaking and litigating Names – individuals whose assets have traditionally supported the insurance market. A deal with auditors is being discussed.

LLOYD'S
LLOYD'S OF LONDON

The £100m is expected to be divided among about 200 brokers at Lloyd's, in proportion to business placed at the market. In return, Lloyd's would offer assurances that its reliance on approved brokers to supply much of its business would continue.

Brokers would expect to be absolved from involvement in litigation surrounding Lloyd's.

Lossmaking Names are expected to argue that £100m is insufficient. They received a fillip yesterday when Rose Thomson Young Names, including Mr Ian Lang, trade and industry secretary, won the latest High Court case alleging negligence by underwriters who carried out catastrophe reinsurance business.

The RTY Names said the case strengthened that for an increased contribution to the recovery plan from errors and omissions insurers, who insured Lloyd's agents against negligence awards.

However, Names' efforts are being focused on winning an increased contribution direct from the agents who run insurance syndicates and handle Names' affairs.

It emerged yesterday that Mr Christopher Messer, a moderate lossmaking Names' representative, has written to Mr David Rowland, Lloyd's chairman, saying Names will call for an extraordinary general meeting unless assured soon that the £200m expected from agents will be increased to "not less than £350m".

Some 1,500 signatures are required for an EGM and lossmaking Names could win a majority for a motion demanding agents be forced to pay the extra sum. It is unclear if such a motion would be binding.

In his letter, Mr Messer warns: "Should an EGM occur, it would in my view be deeply divisive and result in substantial negative media exposure." He says a £200m contribution would be "small beer" compared with Lloyd's losses of over £11bn in recent years.

Judge says underwriter did his 'incompetent best'

Lloyd's Names who lost more than £400m ($610m) as members of the Rose Thomson Young (RTY) syndicate 255 yesterday won a High Court case in London, our Law Courts Correspondent writes. Just over 1,000 Names alleged negligence by underwriters who carried out catastrophe reinsurance business.

The victory is the latest in a series of claims brought by Names involved in "spirals" where syndicates reinsured each other against loss. Previous court victors in such cases include Gooda Walker and Feltrim Names.

The judge said the RTY underwriter Mr Norman Bullen did his "incompetent best, but fell well below the standards to be expected of any underwriter who specialised in this market". Mr Bullen did not plan his exposures, calculate any probable maximum losses or make any informed decision about the net exposure to which he could expose his Names, the judge said.

However, the scale of damages to be awarded to the RTY Names, who were the worst of those hit by the Piper Alpha oil platform and Hurricane Hugo disasters, has still to be decided. Mr Justice Morison ruled the Names were entitled to damages that would leave them in the same financial position as if the underwriting had been competently handled.

However, the RTY Names would still face the obstacle confronting others who succeed in court. The obstacle is a lack of funds held by the underwriters' "errors and omissions" insurers to meet all claims.

Mr Ian Chalk, chairman of the RTY Names action group, said the ruling was a "notable victory". It reinforced the need for E & O insurers to increase their contribution if the Lloyd's Equitas project to restructure the market was to succeed, he said.

Mr Christopher Stockwell, chairman of the Lloyd's Names Associations Working Party, said the reconstruction and renewal (R and R) settlement proposed by Lloyd's must now be substantially increased if Names were to believe it offered a just and acceptable alternative to continuing litigation.

However, Mr Michael Payton, a lawyer for the E&O insurers, dismissed the possibility of their contribution being increased. "The judgment is as we expected. It does nothing to change our approach to R and R," he said.

Mr Ian Lang, the trade and industry secretary, was one of the RTY Names involved in the case and is believed to have lost some £800,000.

UK NEWS DIGEST

Rosemary West appeal rejected

Three Court of Appeal judges in London refused to allow Mrs Rosemary West to appeal against 10 murder convictions. She was sentenced to life imprisonment last year. Those she was said to have killed included her eight-year-old stepdaughter Charmaine and her 16-year-old daughter Heather. Her lawyer had argued that sensational press coverage and evidence of her promiscuous behaviour with men and women had ruined her chances of a fair trial. But Lord Chief Justice Lord Taylor said: "Application for leave to appeal is refused. We shall give our reasons next week." Mrs West, aged 41, is the widow of Frederick West, the builder from the west of England city of Gloucester who committed suicide in prison last year after being charged with 12 murders. Police operations in the West home gained international publicity in 1994 after the remains of young women were found buried in the foundations.

PA News

Immigration system expanded

The government has decided to expand the computer-based immigration control system operating at all ports of entry to the UK. To carry out the project, the Home Office Immigration Service has placed a further £10m ($15.2m) contract with ICL, the information technology company which installed the initial system. The project is scheduled for completion in early 1997. Mr Ken Richardson, the Immigration Service project director, said the system had been an "unqualified success". Its expansion would help the detection of undesirable entrants. "Our objective now is to extend its use as quickly as possible to all other places where we operate immigration control," Mr Richardson said. The system allows immigration officers to swipe passports through an automatic reader, or key in the name of a visitor to see if they have any prior record on the computerised suspect database.

Mark Suzman, Public Policy Staff

Bathers enjoy cleaner water

Cleaning up

Region	Number of bathing waters	Number failing the test
[illegible]	[illegible]	[illegible]
Northumbria & Yorkshire	56	3
[illegible]	[illegible]	[illegible]
Southern	57	5
[illegible]	[illegible]	[illegible]
Thames	3	0
[illegible]	[illegible]	[illegible]
Total	425	46

Source: National Rivers Authority

The quality of bathing waters in England and Wales improved last year thanks to investment by water companies and to good weather. The National Rivers Authority's annual survey of 425 bathing waters showed that 89 per cent met the European Union's mandatory standards on coliforms (harmful bacteria caused by sewage pollution). This was up from 82 per cent in 1994. The highest compliance was in the south-western region at nearly 95 per cent. The worst was the north-west with 45.5 per cent, down from the previous year's 54.5 per cent. The deterioration was due to delays in completing new sewerage works. The rivers authority said 40 sewerage schemes were completed by last summer, with 54 more under way. A spokesman for the Water Services Association, the water industry trade group, said the survey was "proof positive" the industry's investment programme was delivering results.

David Lascelles, Resources Editor

Banks issue a protest

UK banks yesterday hit out at government proposals to give building societies up to one year's protection from predatory bids after they have announced plans to merge with another society. Building societies are mutually owned savings and loans institutions. Mr Tim Sweeney, director-general of the British Bankers' Association, described the plan as "fundamentally anti-competitive," and said it was "odd" to give one sector of the market a degree of protection not given to other sectors.

As more building societies choose to turn themselves into public limited companies with the same status as banks, the traditional mutual building society sector is shrinking. The government's proposals for liberalising building society law, announced on Monday, are intended to strengthen the hand of societies which choose to remain mutuals.

Committed mutuals such as the Nationwide Building Society have triggered an argument about the merits of mutual status by aggressively cutting their mortgage rates, arguing that they can afford to do so because they do not have to pay dividends to shareholders. But Sir Brian, whose group's combined mortgage operation ranks third in the UK market, said corporate status was irrelevant to competitive strength. "I don't think the choice is between PLCs and mutuals," he said. "The choice is between good management and bad management."

George Graham, Banking Correspondent

Rover opens health club

Rover, the carmaking offshoot of BMW, is opening a health club at its Longbridge plant near Birmingham in the English Midlands. Rover has agreed an innovative deal that will give its employees an onsite complex at no charge to the company. A consortium of sports service companies is providing the £500,000 ($755,000) complex, including a gym, saunas, sunbeds and whirlpool baths, for the 15,000 employees. It will pay Rover rent for the use of the former Longbridge apprentice school.

The club will be the first in Britain in which sports service companies run an onsite gym for a big employer and charge the employees commercial rates. Existing clubs are usually financed by employers and offered to staff at heavily subsidised rates. Organisations following Rover's example include American Express, the financial services group, at its European headquarters in Brighton on the south coast of England. Power Sport, the company which put together the Rover consortium, said there were about 12 similar projects in the pipeline. Power Sport is a subsidiary of Hawtin, a diversified sports equipment company based in Wales.

Stefan Wagstyl, Industrial Editor

Soldiers accused: Three white soldiers from the Cheshire Regiment are to be court-martialled after two black civilian women complained that they were racially abused while working at an army barracks in eastern England. The three men have been charged with using abusive and insulting language towards the women.

Cabinet to debate NI polls compromise

By John Kampfner, Chief Political Correspondent

British ministers last night were understood to have settled on a compromise formula for Northern Ireland elections after hearing forceful representations from the government of the Republic of Ireland.

Mr John Major's cabinet will tomorrow discuss the option agreed by its Northern Ireland subcommittee after more than two hours of difficult discussions. The evening meeting was held after a day of intensive consultation, with all the main Northern Ireland parties accusing the UK government of acting in bad faith.

Sir Patrick Mayhew, the government's chief Northern Ireland minister, will meet Mr Dick Spring, the Irish deputy prime minister, in Belfast today to examine through the package.

This is understood to include full details of elections, which are expected on May 30; the possibility of a referendum in Northern Ireland and the republic on the issue of non-violence; the workings of the forum to be elected and how parties will use it to select delegates to all-party negotiations which both governments have pledged to begin on June 10.

However, there was mounting concern in the governing Conservative party at the role the government of the republic is being given in the latest phase of the process. Mr Major has told cabinet colleagues he wants to keep Mr Bruton, prime minister of the republic, fully abreast of developments. He has said he wants to avoid a repetition of the row that followed his response to Senator George Mitchell's report on arms in January, when the Irish said they had been left out in the cold.

Ministers had for several days given their support to a formula set out by Mr David Trimble, leader of the Ulster Unionist party, for a 90-seat forum based on constituencies already used in elections to the British parliament. The Ulster Unionists are the biggest pro-British party in Northern Ireland. But over the course of Monday and yesterday morning a decision was taken "to go back to the drawing board".

One Conservative MP said: "We've become hyper-reactive to the sensibilities of the Irish government and the SDLP [the Social Democratic and Labour party, the main nationalist party in the north]. We thought we had agreed that the question of an electoral system was for us, and us alone."

The compromise variant being discussed was to opt for Mr Trimble's plan, but to add 20 further seats elected on the basis of a list from a single Northern Ireland constituency. This idea was put forward by Mr John Hume, leader of the SDLP, as well as the smaller of the unionist parties, the DUP.

Assuming the full cabinet meeting tomorrow endorses the election proposal, the government is expected to announce it to parliament later that day.

Sir Patrick met Mr Trimble in the House of Commons in an atmosphere described as acrimonious.

Man shot in republican faction's latest feud

A man was shot and injured in Belfast yesterday as the latest feud within the faction-ridden Irish National Liberation Army gathered pace. The shooting was seen as a retaliation for the killing of a nine-year-old girl while she played with a jigsaw puzzle in her home. Shots were fired through the window of the Belfast home on Friday.

Yesterday's victim escaped with a leg injury when gunmen opened fire from a car. Witnesses said that up to nine shots were fired in the incident. The INLA, the political wing of the Irish Republican Socialist party, is smaller than the Irish Republican Army and separate from it.

Yesterday's victim is understood to have been a pallbearer at the funeral of Gino Gallagher, the INLA "chief of staff" who was shot dead in a social security office in the city in January when the latest dispute within the organisation erupted. Since then another senior INLA figure has been beaten to death on a caravan site in the Republic of Ireland. The INLA's "general headquarters staff" said it had carried out yesterday's attack and demanded that elements of the Gallagher faction be disbanded.

Chief Inspector Roy Dunn, police subdivision commander for the district in which the man was shot yesterday, said: "Quite apart from the ruthlessness of the attack itself, it was carried out in close proximity to a school playground which was being used at the time."

Young people 'worse off than 10 years ago'

By Richard Donkin in London

Young people are financially worse off and finding it much harder to obtain work than they did 10 years ago, says a report published yesterday by the British Youth Council.

The report challenges the view that young people have an easy life and claims they find themselves classed as one of society's lowest priorities.

It says young people make up a disproportionate number of the unemployed. The gap between their wages and average earnings is growing wider and they have fewer benefits.

Among 16 to 24-year-olds, unemployment is almost double the national average, 15.4 per cent compared with 8.5 per cent. Young people make up 17 per cent of the workforce, compared with 23 per cent in 1986.

This is in contrast to their improving educational qualifications: 43 per cent gained five or more "good" GCSEs in 1994, compared with 23 per cent in 1979. Similarly, 28 per cent gained two or more A-levels, against 14 per cent in 1979.

More young people are becoming disenfranchised: almost one in five younger than 24 is not on the electoral register.

The council is calling for a legal framework for young people's rights and policies to protect their interests.

Ms Diana Moore, the council chairman, said: "The gap between society's expectation of young people and their own experiences is getting wider."

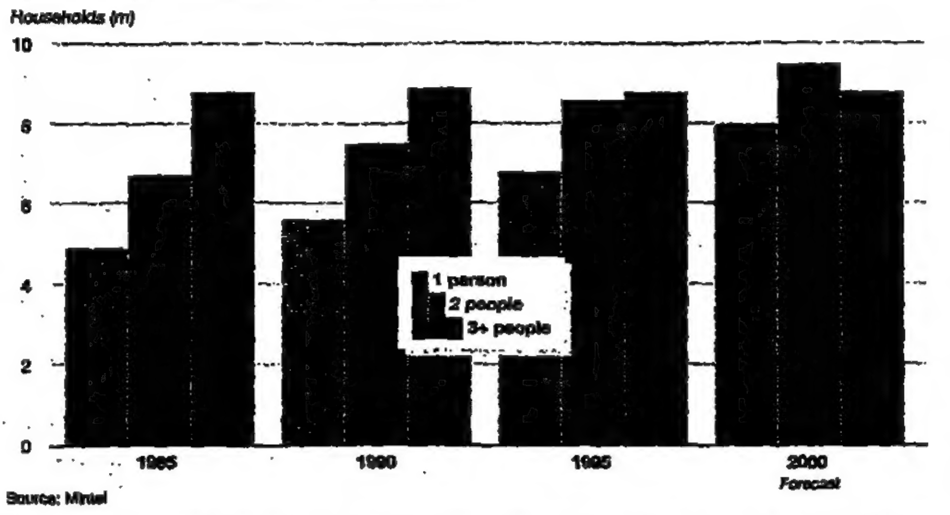
● If you want to live longer you should move to the country, Mark Suzman writes. But don't worry about the health effects of job-related stress – working is good for you.

According to two new studies, people living in rural and prosperous areas enjoy much better health than those in inner cities, while men and women in all age groups who are in employment live longer than those who are not.

The research, in the latest edition of Population Trends, the quarterly publication of the Office of Population Censuses and Surveys, is the most comprehensive proof yet of the beneficial impact of a good living environment and a job on overall health.

The other study confirms the effect of class and living conditions on overall health. It shows that people who live in urban areas, particularly inner city estates and deprived industrial areas, not only die earlier than those in more prosperous and rural neighbourhoods, but have also had much lower gains in life expectancy over the past decade.

Rise of the one-person household



Source: Mintel

The number of people living alone is set to rise to 8m by the end of the century from 6.8m last year, says Mintel, the market intelligence group. Singles are becoming more positive about living alone than they used to be, it adds. Nearly half of people who live alone are aged 65 or over.

Kaizen methods come to the City

By Peter Marsh in London

Teamworking techniques based on the teachings of Zen Buddhism and Japanese-style "continuous improvement" are to be introduced to the City of London by a former foundry worker with a reputation for blunt speaking.

Standard Chartered, a large UK-based bank with operations in Asia and Africa, has recruited Mr Sid Joynson to teach 90 largely clerical staff in London the arts of collective effort as practised by companies such as Nissan and Toyota. Mr Joynson runs a management consultancy in northern England, and his clients have included companies such as Coca-Cola, BP and Glaxo Wellcome.

The initiative to introduce *kaizen* working methods in the City is thought to be among the first of its kind. The City has traditionally stressed highly individualistic ways of operating.

A report last week from Cilntec, the training and enterprise council covering the City, accused financial services managers of being resistant to new ideas. It said job evaluation depended largely on an individual's performance rather than on ability to manage others.

Mr Joynson described himself yesterday as "entertainer, enlightener and helper". He said his Zen ideas were vital to communicating his message that companies could improve "by seeing things as they are, without the distortion of cleverness".

"Sid is not for the faint-hearted," said Mr Chris Sykes, operations manager at Standard Chartered. "But we think by using him we can improve our operations by moving to a greater degree of team spirit and empowerment."

Mr Joynson's maxims include getting rid of "Mickey Mouse" rules and reducing the time for meetings. Another aphorism is that too many top managers show to their workforces not TLC – tender loving care – but TDC, or thinly disguised contempt.

Former Ireland premier attacks stance on EU

By Our Foreign Staff

Mr Garret FitzGerald, a former prime minister of the Republic of Ireland, accused the British government yesterday of playing on unfounded fears of a supranational Europe in its recent policy paper on the future of the European Union.

In stressing its opposition to federalism, the government was simply "setting up, so as to knock down again, a series of Aunt Sallies," he told the Central London Europe group, a pro-EU lobby.

The British paper commits the government to resisting pressure from "many politicians on the Continent" for "more Europe, tighter political integration, more centralisation, more uniformity . . ."

Since the paper's publication, however, the government has hailed a warning against the spread of supranational agencies by Mr Alain Juppé, the French prime minister, as evidence that support for Britain's position is growing.

Mr FitzGerald said British fears of federalism were nevertheless exaggerated. "No government and no electorate wants unnecessary interference by a European regime . . .[and] no people want power to drift inexorably to supranational institutions."

He added that Irish working-class audiences had proved to be quite capable of understanding the arguments in favour of the Maastricht treaty and "presumably the same could be true of British audiences, if they were presented with real issues instead of being fed a diet of flag-waving English nationalist rhetoric."

● Mr John Major, the prime minister, yesterday underlined the government's rejection of a federal Europe. He was pressed in the House of Commons to rein in the powers of the European Court of Justice. "A federal Europe with a European Court becoming, little by little, a European supreme court, is not one this government can support," he said.

Chambers share worries on Emu

By Michael Cassell, Business Correspondent

Chambers of commerce have backed industry's concerns that the national debate on the European single currency is being dominated by political rather than economic issues. In a letter to Mr Malcolm Rifkind, foreign secretary, the British Chambers of Commerce, the national organisation that speaks for local and regional chambers, calls on the government to set up a commission to investigate the impact of a single currency on industry and commerce.

Mr David Richardson, deputy president of the BCC, complained that the current debate was being conducted in emotional and political terms. The chambers want a commission representing all significant business interests to be established in order to produce and publish practical advice "of an objective nature".

The BCC's concerns have already been voiced by the Confederation of British Industry, which has been calling for a rational dialogue on European issues based on "logic and facts rather than emotion and slogans". The CBI has launched a campaign to push UK business interests to the front of the European debate.

In his letter, Mr Richardson also raised concerns that the government's white paper published last week in advance of this month's EU intergovernmental conference in Turin does not concentrate more on business issues.

BUSINESS AND THE ENVIRONMENT

Hugh Carnegy and Leyla Boulton on two initiatives aimed at promoting industry's green credentials and competitiveness

Sweden moves at the double

Sweden, one of the world's most environmentally conscious countries, is moving to extend its green credentials with a decision to double taxes on carbon emissions by industry – increasing a tax that few other countries will touch with a barge-pole.

Anna Lindh, Sweden's environment minister, says the decision to double a tax first introduced in 1990 was taken "not only to reduce carbon emissions but to help restructure Sweden's finances".

This means that the new carbon taxation will not be accompanied by an offsetting reduction in other taxes to keep the measure "revenue-neutral" as advocates of eco-taxation recommend. The idea of offsetting decreases is to prevent environmental measures from harming employment and placing an additional burden on industry.

However, Lindh says, attempts currently under way to reduce Sweden's big budget deficit mean that "we cannot afford to give deductions at present".

The increase for industry will take effect from July 1 this year – assuming that the European Commission in Brussels raises no objections because of exemptions granted to the country's most energy-intensive industries. From then industry will have to pay 50 per cent of the general, or household, carbon tax rate of SKr0.37 per kilogramme, instead of 25 per cent as before. Companies will pay 50 per cent up to a level equivalent to 0.8 per cent of their annual turnover, thereafter paying 12 per cent of the general rate.

A handful of companies – mainly in the cement, lime, glass and chemical sectors, which have very high carbon fuel consumption – will be exempt from paying taxes above a level of 1.2 per cent of their turnover.

The increase is expected to raise SKr510m (£49m) a year in additional revenue for the budget. "This is small money for companies, which made SKr140bn in profits last year," Lindh says, defending the decision not to offset the tax with new deductions.

The environmental purpose of the tax is to encourage companies to cut their emissions and set an example for the rest of the industrialised world to combat global warming, caused in part by carbon dioxide emissions which trap heat in the atmosphere.

Lindh has no illusions that Sweden, whose carbon emissions account for less than 1 per cent of global emissions, will make much difference to climate change. But she argues fiercely that "if climate change is a global threat, everyone has to take responsibility" and that industrialised countries must take the lead if fast-growing developing nations are to be persuaded to do anything to reduce their emissions.

Looking ahead to an international governmental meeting on climate change to be held in Tokyo next year, she argues that the European Union must agree before then on an EU-wide carbon tax which it has so far failed to adopt. For this she blames Britain, which has been most vocal in its opposition to the tax. But she says that the EU must take some action itself in order to take over from the US the leadership role the world's only superpower has failed to assume in full.

Governments have undertaken to agree targets for carbon emission reductions into the next century at the Tokyo meeting. But very few, possibly including Sweden, will meet the existing target for industrialised countries to stabilise emissions by 2000 at 1990 levels.

'Climate change is a global threat, everyone has to take responsibility and industrialised countries must take the lead if fast-growing developing nations are to be persuaded to do anything to reduce their emissions'

Part of the problem facing the country as a whole is the same one encountered by its companies. Having done much already to reduce emissions, it becomes more difficult to take the process a stage further.

Unlike most of western industry, which argues that it is premature to set any targets for reducing carbon emissions until more is known about the exact nature of the climate change threat, Swedish industrialists do not object to such action. They do object, however, to being alone (except for other Scandinavian countries) in taking such measures.

Sven Olof Lodin, deputy director general of the Confederation of Swedish Industries, complains that Sweden already has "the highest carbon tax in the world". Doubling it, he claims, will "mean Swedish companies will lose market share to companies using methods that generate more emissions. It is completely counter-productive from the point of view of the environment, employment growth and future investment".

He adds: "We want all countries in the European Union to have these taxes. We have supported the Swedish government and the Commission by telling industry: 'Look, we can live with these taxes'. But if the carbon tax is doubled, we won't say this any more."

It will affect the forestry sector, still a leading component of Swedish industry, and 19 out of 20 steel producers. Lodin says carbon emissions by the Swedish steel industry, for example, are already a quarter of the EU industry average.

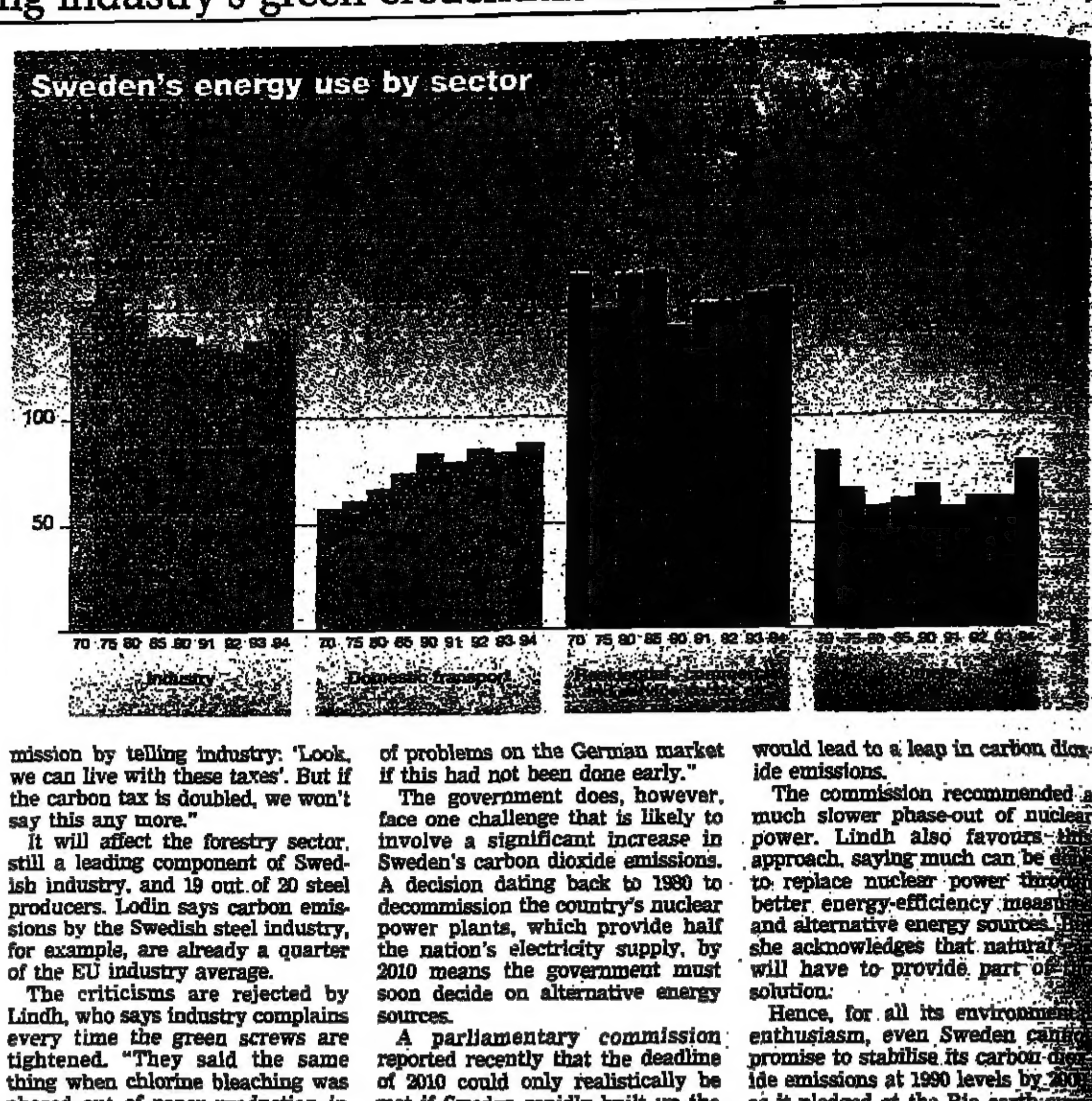
The criticisms are rejected by Lindh, who says industry complains every time the green screws are tightened. "They said the same thing when chlorine bleaching was phased out of paper production in Sweden. They would have had a lot of problems on the German market if this had not been done early."

The government does, however, face one challenge that is likely to involve a significant increase in Sweden's carbon dioxide emissions. A decision dating back to 1980 to decommission the country's nuclear power plants, which provide half the nation's electricity supply, by 2010 means the government must soon decide on alternative energy sources.

A parliamentary commission reported recently that the deadline of 2010 could only realistically be met if Sweden rapidly built up the use of natural gas – which in turn would lead to a leap in carbon dioxide emissions.

The commission recommended a much slower phase-out of nuclear power. Lindh also favours this approach, saying much can be done to replace nuclear power through better energy-efficiency measures and alternative energy sources. But she acknowledges that natural gas will have to provide part of the solution.

Hence, for all its environmental enthusiasm, even Sweden cannot promise to stabilise its carbon dioxide emissions at 1990 levels by 2000 as it pledged at the Rio earth summit in 1992.



All hands on green research

Sweden is backing environmental research as one way of boosting its companies' competitiveness. The Foundation for Strategic Environmental Research (Mistra), which recently gave out its first grants, was created on the wreckage of an ill-fated government plan to buy shares for workers in their companies.

The so-called "wage-earner" funds were created by a Social Democratic government only to be dismantled by a subsequent Conservative administration. The SKr10bn (£967m) accumulated was used to set up Mistra and two other scientific research establishments.

At a time when the government has just cut other research funds (partly because it believes that Sweden cannot afford the sort of largesse of Mistra), the Foundation's generous endowment of SKr2.5bn gives it the whiphand over the country's scientific community.

Applicants for the SKr250m it can disburse every year must meet several criteria. One is that different scientists and universities should team together, another is that industry should value a proposal highly enough to be willing to contribute some money to it. The third is that the proposal should correspond to Mistra's definition of strategic environmental research.

"'Made in Sweden' 20 years ago was a trademark for good quality," explains Mistra's managing director, Göran Persson, a former environment ministry bureaucrat. "We want to come back with 'Made in Sweden' meaning environmentally friendly in the way a product is produced, used, and disposed of."

One of the first six projects it has endorsed is to explore the energy-guzzling pulp and paper industry's potential to channel to useful purposes the excess energy generated by its production process.

Broader definitions of strategic environmental research extend to a proposed project to improve the climate modelling in the Nordic region so companies can be better placed to adjust to future weather changes that may arise due to global warming.

A chemical engineer by profession, Persson quotes an OECD report to argue that 50 per cent of products on the market today will be replaced within 15 years by new ones that will be "greener than those which exist today".

By way of example he cites Volvo, the Swedish carmaker, which he says would be "in really bad shape" were it not for the fact that he knows it has an environmentally friendly type of car ready to put on the market as soon as customers are ready for it. One of the projects to be examined by Mistra this week is the development of batteries for non-fossil fuel powered cars. What militates against such cars coming on the market are consumers' current preoccupations of power and design, he admits.

"If you believe there is a growing market for green products, companies that are aware of this trend and have programmes to develop this type of product will be winners," he concludes.

Not far beneath the surface is a strong idealistic overtone to Persson's mission. One project he would like to pursue, for instance, is criteria for environmentally sustainable companies. Once such criteria were developed they could be used to encourage big pension funds to invest only in such companies.

"That would create a very strong force to look after the environment in industry," he argues. More ambitious still is a rather nebulous social science project to understand how to shift society towards more environmentally sustainable development.

But Persson's idealism – spurred partly by progress he has seen in 35 years of working in the environmental sphere – has much in common with the Confederation of Swedish Industries' view of the environment as a well-entrenched strategic consideration.

"I believe we are approaching a new stage where the environment will be nothing peculiar but just another aspect of quality management, another strategic consideration," says Bengt Jobin, deputy director of the confederation's environment, transport and energy division.

Jobin points to Swedish companies' early involvement in drawing up plans for recycling packaging two years ago. This helped keep the costs down for waste disposal, and will feed back into production processes for companies designing the packaging so that it ultimately generates less waste that cannot be recycled. This will be a global requirement for companies because "the cost of handling waste is going to increase substantially all over the world", he argues.

But he warns that even in an environmentally aware country such as Sweden, companies will do good deeds for the environment only if they can make money in the process. In that respect, timing is crucial, he says. There is no point in pushing companies to come out with a green product if the price is not right or the customer is not ready for it.

BUSINESS AND THE LAW

Fresh look at thresholds

Robert Rice on why rules for European mergers may change

The European Commission failed in 1993 to push through changes to the regulation which would have given Brussels greater powers to vet large European mergers. Now it is trying again. When the regulation was adopted in 1989, a legal obligation was imposed on the Commission to review two elements before the end of 1993. These were the turnover thresholds above which it has exclusive competence to investigate mergers, and the exception under which it can refer cases which affect a distinct national or regional market back to national competition authorities.

It took 16 years of discussions among European Union states to get the regulation adopted, and the thresholds agreed in 1989 were very much a compromise. If the combined worldwide turnover of companies involved in a merger or structural joint venture was Ecu5bn or more, and the aggregate EU turnover of at least two of the companies involved was Ecu250m or more each, then the merger would be dealt with by Brussels.

Below those thresholds, or if each company had more than two-thirds of its EU turnover in one EU state, the merger would be dealt with by that state's competition authorities. The presumption in 1989 was that in 1993 the thresholds would be reduced to ECU2bn and Ecu100m.

The Commission appeared to back away from proposing the reduction it wanted, even though a reduction could be adopted by a qualified majority vote provided it was done before the beginning of 1994 – afterwards, unanimity would be required – and despite the regulation's popularity with industry, which liked the advantages of the "one-stop shop" and rapid clearance of deals offered by Brussels.

Germany, France and the UK – the three countries with the most developed competition regimes – were opposed to change. The UK and Germany felt not only that lowering the thresholds would run counter to the increased emphasis being placed on subsidiarity, but also that increasing Brussels' jurisdiction was premature. France, angry at the blocking of Aérospatiale-Alenia's 1992 bid for De Havilland, the Canadian aerospace company, wanted the thresholds raised to scale back the Commission's powers. Two-and-a-half years on, the views of these three states remain broadly the same. France no longer wants the thresholds increased but has joined Germany and the UK in opposing any further transfer of power to Brussels. Why then, given that unanimity is now required, has the Commission decided on another attempt at increasing its powers? Conditions have changed in two respects. First, while in 1993 there was little hard evidence that significant numbers of mergers with cross-border effects were slipping under the wire, the Commission has now collected a mass of information on mergers falling below the thresholds but which have significant impact on the EU as a whole. Some sectors, such as textiles, publishing and car parts, consistently fall below.

Second, in 1989, only Germany, France and the UK had merger control regimes in place. Now 11 of the 15 member states have national merger controls, significantly increasing the amount of details that companies involved in cross-border mergers have to file.

Multiple national filings are on the increase, according to the Commission's research. As this is a trend unlikely to be reversed, multi-stop shopping threatens to undermine the one-stop principle enshrined in the merger regulation.

Industry deplores this development. Having to make multiple national filings significantly increases costs and demands on management time. They also create uncertainty. Although the broad principles underpinning the merger-control regimes of the states are similar, the practical differences in approach can be considerable. Some national competition authorities require compulsory notification of proposed deals; others operate voluntary systems, and the information required from parties to a merger can vary greatly.

In January, Mr Karel Van Miert, the EU competition commissioner, published a green paper on the merger regulation setting out the Commission's proposals. Industry and its lawyers have until March 31 to respond. As expected, the paper contains a proposal to lower the turnover thresholds to ECU2bn worldwide and Ecu100m in the EU, and even hints that such a change could still be adopted by a qualified majority vote. However, with all large states, except Italy, opposed, the chances of securing a threshold reduction even by a qualified majority vote are so slim that the Commission has proposed an alternative addressed at the problem of multi-jurisdictional filings. For mergers falling between the proposed lower thresholds and the current ones, the requirement to make filings to two or more national competition authorities would automatically give Brussels exclusive jurisdiction.

Most competition lawyers view this as a second best option to lowering the thresholds, but one which may work.

Alec Burnside, a partner in the Brussels office of Linklaters & Paines, the UK-based international law firm, says it would be an improvement on the present situation but much will depend on how it is structured. The main problem will be how to establish quickly and reliably that national merger control rules would be triggered by a proposed deal.

Companies keen to exploit the advantages of one-stop shopping and rapid clearance offered by Brussels will be quick to assert that national controls would be triggered.

But how will countries with voluntary notification systems be dealt with? In the UK, the referral of deals to the Monopolies and Mergers Commission depends on either a market share or assets test. In France and Belgium, too, there are alternative referral tests. How are companies to know at the outset how the national authorities would define the relevant market?

Some companies may be tempted to pump up their market share by identifying a narrower market to ensure that national controls are triggered and Brussels gains jurisdiction. But that could present problems with market dominance which could scupper the deal when Brussels vets it.

Mr Burnside says there is also the issue of how long national authorities will have to verify companies' assertions that national merger controls would be triggered. And who will decide on questions of national law? The Commission? What if the Commission gets it wrong? Will it be possible for the state or the companies to challenge decisions before the European Court?

The Commission has begun to address some of the technical problems associated with the multiple national filings option, and the feeling of many competition lawyers is that the proposal may yet fly.

Television/Christopher Dunkley

When enough is enough

Distaste at the manner in which television fed on the Dunblane tragedy finally became anger on the evening – days after the event – when Peter Sissons introduced an item about a couple of local doctors. They, it seemed, had gone to the school immediately after the shooting and, not knowing precisely where the appalling event had occurred, had walked straight into the gym where the bodies of the children were lying. Naturally enough, they were still powerfully affected by what they had seen, and the male doctor had some trouble in producing any words at all for the BBC reporter. But why was the BBC requiring him to produce words? Sissons, who had adopted the black-crêpe face which was mandatory for news readers last week, did not actually say "Here's a good bit we missed on the day of the slaughter, this'll really make you bawl your eyes out," but he might as well have done.

What could this interview possibly add except another scrap to the mountain of nauseating mawkishness already thrown up by television? Some broadcasters may object that the tabloid papers were just as bad, and that may be true, but this is a column of television criticism. Where is television's regular series keeping a critical eye on the press?

These days television behaves so sickeningly on occasions of this sort – overdoing things to the point where the viewer is ready to scream not just in horror but at the excesses of the medium itself – that it is difficult for even its best friends to defend it. By chance the "V-chip" happened to be under discussion at the time that the Dunblane murders were committed and now it seems much more likely that this invention will be built into every new television set. Even in normally sane places such as the *Today* programme on Radio 4, the suggestion is again being tossed around that television itself is somehow to blame for the sort of violence seen in Dunblane. So there is considerable attraction in a gismo which allows parents to pre-set their televisions to black out programmes which their children might otherwise see containing violence, sex, or swearing. Broadcasters would have to categorise their programmes before transmission, and barcode them so that the V-chip could recognise X-rated (or whatever) material.

Since the V-chip puts control where it ought to be, in the hands of the individual, it should be welcomed, though some will oppose it on the grounds that it will be used by broadcasters as a reason for upping the ante. Post chip, they say, the broadcasters will argue that only viewers really wanting to see something will watch it, so greater extremes should be permissible. There is one good reason for opposing the statutory inclusion of the chip in all sets: 69 per cent of households in the UK have no children, so it will be much like those nannyish childproof tops on aspirin bottles which are unwanted in most homes. However, proponents will argue that if you allow a choice the marginally more expensive V-chip sets will be bought by those who are already exercising proper parental control, and ignored by those who are not.

Either way the notion that this gadget can somehow affect human nature enough to prevent another Dunblane is surely over-optimistic. No doubt there were people in 1483 who fondly believed that the princes would have survived in the Tower but for the violence induced in society by those dreadful ballad sheets. It is not television programmes that make men violent but men that make violent television programmes.

However, what television quite obviously does do is – literally – bring home to all of us the full awfulness of the violence of mankind which was largely hidden from previous generations. That is not to say that individual cases were unknown, but one or two such cases would presumably be all that most people ever heard about. It is only in the 20th century that we have begun to receive global news daily, and only in the latter part of that century that television has made it possible for us to know instantly about every multiple shooting or serial killing, or whatever the latest horror may be, regardless of where it occurs in the world.

The effect is to give viewers the impression that matters are constantly getting worse. You can tell people till you are blue in the face that the per capita murder rate in England has fallen every century for the last 700 years, or that you were far more likely to be mugged in Dickens' London than you are today; their instinctive estimation of such risks will still be far higher than that of their parents or grandparents largely because of an impression built up from television. When a programme such as *Undercover Britain* on Channel 4 shows how you can buy all sorts of guns on the black market, and how easily supposedly "de-commissioned" guns (even machine guns) can be re-commissioned, people get the feeling that they must be surrounded by guns, even if most Britons still go through their entire lives without ever seeing one except on the screen.

Nor is it solely a question of crime. Viewers can hardly be blamed if they conclude "Everyone's at it" after seeing umpteen programmes about the lovers and mistresses of members of the royal family, followed by BBC1's *Mistresses* in which we heard from the paramours of politicians, industrialists, and civil servants. Upon reflection there may be little to choose between the world of Nell Gwynne and that of Camilla Parker-Bowles, but reflection is not what television is about, and our knowledge of Nell Gwynne's world is almost entirely anecdotal.

True, anecdote can be a pretty powerful thing when provided by Pepys, Mayhew or Dickens, but such people are very few and far between, hence the amount of evidence they provide is severely limited, however vivid. On the other hand, the sheer quantity of material now pouring out of television – first hand reporting, statistics, studies from research groups, fly-on-the-wall documentaries, concealed video reports, dramas, current affairs series, newsreels – is almost overwhelming.

In the case of Dunblane it *was* overwhelming. As so often nowadays, television news desks seemed to be driven as much by thoughts of their standing among their peers as by consideration for the viewer, let alone the families of the victims. The trouble is that the one thing we know really is increasing in our society is competition in television, so there is no prospect whatever of this tidal wave receding. We must learn to float in it without drowning. Next time there is a tragedy like Dunblane, try turning off the television and listening to the news on the BBC World Service.

A charmer, charmingly danced: a scene from Christopher Wheeldon's delightful new ballet Alastair Muir

Dance Bites/Clement Crisp

'Souvenir' provides the gleam of gold

Sitting through an evening of apprentice choreography is rather like panning for gold. The fans, the friends, even the critics, Klondyke-crazy, watch beadily for nuggets. To judge by the cheers, the least pebble is a 24-carat bonanza, but fool's gold abounds, and rare are the evenings when we find the glint of the real thing: the stuff from which choreography may one day be made.

On Monday night at the Swan Theatre, High Wycombe we surveyed the stream of Royal Ballet hopefuls in this year's *Dance Bites* tour. Despair was mine as the evening got under way. Emma Diamond's *Signed in Red* offered unappealing design by Allen Jones; a quartet movement by Wojciech Kilar that sounded like minimalist Dvořák; arid, anxious encounters for four couples. Ashley Page's *Sleeping with Audrey* took inspiration from the secret dramas found in Stephen Chambers' paintings (whence the piece's title), but could not match them as a cast of eight struck poses and got on each other's nerves. (If only the title had been *Sleeping with Petipa*, things might have been better.)

And then – pulse quickening – the gleam of gold. Christopher Wheeldon, reared by the Royal Ballet but now with New York City Ballet, is in his early twenties. He has made small works here and in New York, and for this tour has produced choreography to the first movement of Tchaikovsky's *Souvenir de Florence* sextet. *Souvenir* is wholly delightful. Curtain rise reveals a vestigial ball-room: a scrim having three cut-out arches behind which are the musicians (from Covent Garden, and fine). Four couples in simple balletic-ballroom dress: Wheeldon is his own designer. With the first bars, a quick phrase of movement – Jane Burn soaring away from the opening group – sits so sweetly on the music that you think, maybe, that this is gold. And as the dance opens out, as movement flows and sweeps along on the melody, as the clear shapes of classic language are linked in happy phrasing, Wheeldon tells us he is a choreographer.

His years with NYCB have taught him how Balanchine and Robbins put dances together – this is the way new choreographers learn their craft; there is no other – and his own sensitivities do the rest. The piece owes something to Balanchine's *Liebeslliederwalzer* – no bad thing – but Wheeldon's young people link and part and waltz again in beguiling fashion. (Watching them, I recalled the first cast in Ashton *Valses Nobles* when the world was young: there was the same sense of freshness and grace.) Movement is born of the music. The language is traditional, but not stale: Wheeldon speaks it with his own youthful lyricism and sense of its possibilities. I thought the piece a charmer, charmingly danced, and I have high hopes for Wheeldon's future.

A last novelty, the brief *Odalisque* by Tom Sapsford, was a teaser. The "performance artist" (the words are like a knell) Fabienne Audeoud, in white, was discovered lying with Gillian Revie on a divan by a Bakstian curtain, and intoned her own text. This was obligingly printed in the programme since the words were largely inaudible – I supposed them to be in Volapuk until the phrase "my heart is becoming heavy" struck a sympathetic chord. Ingres' "La grande odalisque" was invoked, but kept her distance. Gillian Revie was given a little solo which argued Sapsford's gift for movement and his sense of theatre. He must allow himself a freer hand – and a more rewarding score – next time.

The programme also included Ashley Page's *Now Languorous, Now Wild*, an Apache dance for Mukhamedov and Viviana Durante, whom we are led to believe are the Abbé Liszt and Lola Montez, and Forsythe's *Steptext*.

Dance Bites visits Sheffield, Blackpool and Bath before the end of the month.

Opera in Belfast/Martin Hoyle

The Marriage of Figaro

Callooh callay! Opera Northern Ireland performs Mozart's opera of class, sex, betrayal and forgiveness in the old Edward J. Dent translation – warm-hearted and, for all its occasional datedness, infinitely more in keeping with the music than the calculatedly clever contrivances of recent Figaros.

Tim Coleman's 1991 production has been revived: mostly sensible and straightforward (original period with only Cherubino's baseball-cap to hint at other periods), it lets the music have its say. Or rather, in the revival in Frank Matcham's perennially enchanting 1895 "Opera House and Cirque", the conductor has his head. Lionel Friend produces some fine playing from the orchestra, all the more remarkable since there were moments when he bolted rough-shod through the score. He galloped through the changing emotions and subtle tensions of the Act 2 finale – no threatening time-bomb tick to Figaro's interrogation by the Count – and romped briskly through the letter duet.

The company fortunately fielded a cast of solid virtues. Steven Page's Figaro is familiar to Londoners from his ENO appearances. This production makes him rather less dangerous, less of a harbinger of the French Revolution; but healthy vocal form and a good stage presence kept Figaro as the main character. Linda Kitchen's Susanna is adorable: sweetly youthful, the voice started as slightly edgy, but warmed into a musicianly lyric soubrette. She acted beautifully, as did the Cherubino of Maria Jaguez, replacing the German soprano Daniela Bechly. The voice is unexceptional but her page boy, spaniel-eyed, round-faced, lithe-limbed, was deliciously acted.

The titled nobs presented certain problems. Nicholas Folwell proves that a good Alberich does not necessarily a Count make. The production is geared to a rangier, sexier singer, certainly one who is not shorter than the women in his life; and Mr Folwell seemed uneasy with this interpretation's languid physicality. At one point this Count stretches voluptuously across a table. His effortful heave, self-conscious wriggle and relieved dismounting caused some mirth even in well-mannered Belfast.

In her British debut the Icelandic soprano Sola Braga revealed a potentially rich, dark-coloured voice produced somewhat throatily, and unemphatic diction. She looked as if she had stepped from a canvas by Joshua Reynolds; there were hints of a bossily haughty aristo – which compounded her husband's (Mr Folwell) problems.

The local Barbarina, Rachel Fisher, has a wonderfully pure, creamy soprano, already rather big for the part, and was directed as a cockney trollop, the production's one real miscalculation. The small parts were cast from strength: Richard Angas doubled Bartolo and Antonio, the veteran John Fryatt repeated the double of Mozart's original Irish tenor, Michael Kelly, by singing both Basilio and Curzio. Alas, he still lacked his aria, unlike Marcellina who got hers back and made it sound interesting. As this was the formidable Pauline Tinsley it was hardly surprising.

Some decorations in "Voi che sapete", a very decorated conclusion to "Dove sono", otherwise a conventional pre-authentic-sound boom performance. Immensely enjoyable for all that, despite some cluttered, blurred comic business in the last act.

Jazz/Garry Booth

Stick to films, Woody

A New Orleans jazz band filling the Royal Festival Hall to capacity? In fairness, few people actively dislike traditional jazz – with the exception of most jazz fans. New Orleans jazz is harmless fun and usually comes free, in pubs or on the street.

So why have crowds all over Europe paid £20 a head to listen to lukewarm renditions of "Down By The Riverside" and "We Shall Not Be Moved"? Answer: the band is led by arguably the most famous clarinet player in the world, Woody Allen.

On paper, it probably seemed like a good idea. Eighteen gigs in intimate little dives such as the Olympia Theatre in Paris, the Grand Casino de Genève and the Teatro Sistina in Rome. Beef up the regular band from Michael's Pub in Manhattan with some solid traditionalists and hey presto . . . you are left with a group of self-conscious revivalists, churning out leaden anthems to a near hysterical crowd of voyeurs who seem to think they are rewatching *Zelig*, live.

New Orleans music was the fount of jazz as we now know it. Wynton Marsalis and his cohorts at the Lincoln Center have spent years reclaiming the tradition, lecturing rapt audiences on the link with the past. Thanks to rollicking young brass ensembles like the Dirty Dozen, the music's degeneration into aural wallpaper has almost been arrested.

What Marsalis makes of Allen's recent indulgence is hard to imagine. No one is to blame and nobody, apart from Allen, suffered (he looked uncomfortable in the extreme). Indeed, Monday's audience at the Royal Festival Hall went wild at the mere sound of the film-maker's faltering introductions. They were equally appreciative of his yelping clarinet style, the turgid ensemble playing and the hackneyed singalong routines trotted out by musical director and banjoist Eddy Davis.

New Orleans jazz is all about free-flowing, collective improvisation where melodies interweave informally, joyfully or mournfully and always naturally. But Woody and his wooden gang appeared to have lost the plot somewhere on this tour. Keep your weekly gig at Michael's Pub please – but don't give up your day job.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

EXHIBITION
Stedelijk Museum
Tel: 31-20-5732911
● Leon Korsoff. Paintings and Etchings: the exhibition presents paintings and etchings by the British artist Leon Korsoff. The selection made for the 46th Venice Biennale will be shown in its entirety. Korsoff's subjects include portraits, nudes, and views of London and its citizens; to Mar 31

BERLIN

CONCERT
Staatsoper unter den Linden
Tel: 49-30-2082861
● Helen Donath: accompanied by pianist Klaus Donath. The soprano performs songs by Peschko, Schoeck, Mahler, DiChiera and R. Strauss; 8pm; Mar 23
OPERA
Deutsche Oper Berlin
Tel: 49-30-3438401
● Madama Butterfly: by Puccini. Conducted by Sebastian Lang-Lessing and performed by the Deutsche Oper Berlin. Soloists include Cesar Hernandez and Valentina Tsydypova; 8pm; Mar 22
Komische Oper Tel: 49-30-202600
● Die Entführung aus dem Serail: by Mozart. Conducted by Christoph Albrecht and performed by the Komische Oper; 7pm; Mar 22

BONN

DANCE
Oper der Stadt Bonn
Tel: 49-228-7281
● Don Quixote: a choreography by Valery Panov to music by Minkus, performed by the Ballett Bonn. Soloists include Panova, Zavialova, Bondar and de la Barre; 7pm; Mar 24

CHICAGO

OPERA
Civic Opera House & Civic Theatre
Tel: 1-312-332-2244
● Götterdämmerung: by Wagner. Conducted by Zubin Mehta and performed by the Lyric Opera of Chicago; 5.30pm; Mar 23

COPENHAGEN

DANCE
Det Kongelige Teater
Tel: 45-33 14 10 02
● Romeo and Juliet: a choreography by Frederick Ashton to music by Prokofiev, performed by the Royal Danish Ballet; 8pm; Mar 21, 23

COLOGNE

CONCERT
Kölner Philharmonie
Tel: 49-221-2040820
● Krystian Zimerman: the pianist performs works by Haydn, Beethoven and Schubert; 8pm; Mar 23

DRESDEN

OPERA
Sächsische Staatsoper Dresden
Tel: 49-351-49110
● Lohengrin: by Wagner. Conducted by Peter Schneider and performed by the Sächsische Staatsoper Dresden. Soloists include Luana DeVol, Dame Gwyneth Jones, Kurt Rydl and Klaus König; 5pm; Mar 23, 26 (6pm)

DUBLIN

MUSICAL
National Concert Hall - Ceoláras Náisiúnta Tel: 353-1-6711533
● The Gondoliers: by Gilbert and Sullivan. Directed by Beryl Dixon. The cast includes Jimmi Dixon, Anthony Kirwan, Maurice O'Sullivan and Peter Lewis; 8pm; Mar 23, 24

GHENT

CONCERT
De Vlaamse Opera
Tel: 32-9-2230681
● Lena Lootens: accompanied by pianist Daniel Blumental. The soprano performs songs by Wolf and Rodrigo; 0.45pm; Mar 22

HAMBURG

OPERA
Hamburgische Staatsoper
Tel: 49-40-351721
● Armide: by Gluck. Conducted by Gerd Albrecht and performed by the Hamburg Oper. Soloists include Olga Romanko and Desmond Byrne; 7.30pm; Mar 22

LONDON

CONCERT
Barbican Hall Tel: 44-171-6388891
● The London Symphony Chorus: with conductor Stephen Westrop and members of the Scottish Chamber Orchestra perform Bruckner's Motets and Mass No.2 in E minor, and Mozart's Wind Serenade in C minor, K388; 7.30pm; Mar 24
St. Martin-in-the-Fields Church
Tel: 44-171-9300089
● Fauré's Requiem by Candlelight: performed by the Thames Singers with conductor Andrew Phillips; 7.30pm; Mar 21
POP-MUSIC
Wembley Stadium
Tel: 44-181-9001234
● Lenny Kravitz; 8pm; Mar 23

MUNICH

DANCE
Nationaltheater
Tel: 49-89-21851920
● Limb's Theorem: a choreography by William Forsythe to music by Thom Willems, performed by the Ballett Frankfurt. Part of the Ballettwoche 1996; 7.30pm; Mar 22, 23, 24 (2pm & 8pm)

NEW YORK

CONCERT
Avery Fisher Hall
Tel: 1-212-875-5030
● New York Philharmonic: with conductor Kurt Masur perform Beethoven's Leonore Overture No.1 in C, Op.138, Symphony No.2 in D, Op.36, and Symphony No.7 in A, Op.92; 8pm; Mar 23
Carnegie Hall Tel: 1-212-247-7800
● Cecilia Bartoli: accompanied by pianist András Schiff. The mezzo-soprano performs songs by Beethoven, Schubert, Haydn, Rossini and Verdi; 3pm; Mar 24
OPERA
Metropolitan Opera House
Tel: 1-212-362-6000
● La Forza del Destino: by Verdi. Conducted by Franz Vote and performed by the Metropolitan Opera. Soloists include Sharon Sweet, Sergej Larin and Vladimir Chernov; 8pm; Mar 21, 25

OSLO

CONCERT
Oslo Konserthus Tel: 47-22-834510
● Oslo Filharmoniske Orkester: with conductor Shao-Chia Lü and clarinettist Leif Arne Tangen Pedersen perform works by Debussy, Wallin and Franck; 7.30pm; Mar 21, 22

PARIS

OPERA
L'Opéra de Paris Bastille
Tel: 33-1 44 73 13 99
● Eugene Onegin: by Tchaikovsky. Conducted by Alexander Anissimov and performed by the Opéra National de Paris. Soloists include Gerlinde Lorenz, Galina Gorchakova and Rita Gorr; 7.30pm; Mar 21, 24 (3pm)
Théâtre National de l'Opéra - Opéra Garnier
Tel: 33-1 42 66 50 22
● Così fan tutte: by Mozart. Conducted by Jeffrey Tate and performed by the Opéra National de Paris. Soloists include Susan Chilcott, Susan Graham, Rainer Trost and Simon Keenlyside; 7.30pm; Mar 21, 24 (3pm)

STOCKHOLM

OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
● The Maids: by Bengtson. Conducted by Niklas Willén and performed by the Royal Opera Stockholm. Soloists include Anna Eklund, Eva Pilat and Gunilla Söderström; 7pm; Mar 23, 25

VIENNA

CONCERT
Musikverein Tel: 43-1-5058681
● Matthäus Passion: by J.S. Bach. Performed by the Orchestra of the Eighteenth Century and the Nederlands Kamerkoor, conducted by Frans Brüggen. Soloists include Nico van der Meel, Kristinn Sigmundsson, Cyndia Sieden, Jan Bostridge and Peter Kooy; 6.30pm; Mar 23, 24

WASHINGTON

CONCERT
Concert Hall Tel: 1-202-467 4600
● National Symphony Orchestra: with conductor Leonard Slatkin, soprano Kaaren Erickson, mezzo-soprano Shirley Love, tenor Ken Garrison and baritone Stephen Saxon perform works by LeBaron, Piston and Beethoven; 8.30pm; Mar 21, 22 (1.30pm), 23

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Ian Davidson

A hard bargain

With economic power increasingly in the hands of business, governments will want concessions from the corporate sector

The slow piecing together of Tony Blair's new political concept for the UK Labour party, under the general rubric of a "stakeholder society", is turning out to be as tantalising as the dance of the seven veils.

But it is already becoming evident that the last piece in the picture must include an element of political partnership between government and the corporate sector.

Such a prospect will not please the acolytes of free markets. But government is about power, and since power is passing to the business sector that is where governments will increasingly go to share in it.

This may seem counter-intuitive. The conventional wisdom is that governments will simply play a much smaller role in economic matters because of the worldwide triumph of market forces and the collapse of communism.

After all, the first and most immediate consequence of these two developments has been to precipitate a radical downsizing of the public sector, especially in western Europe, through a wave of privatisations.

Earlier claims by governments that they could deliver growth through Keynesian demand management have been fundamentally discredited.

As Mr Blair, the Labour leader, told the executives of Rupert Murdoch's News Corporation at a conference last year: "What is called globalisation is changing the nature of the nation state as power becomes more diffuse and borders more porous. Technological change is reducing the power and capacity of government to control its domestic economy free from external influence."

Of course, it is not just technological change, nor even (more to the point) the globalisation of free capital movements, which are reducing the power of government.

It is also that voters and politicians have finally grasped that there is a heavy inflationary price to pay for trying to "control" the economy. In either event, the conclusion is the same: political parties no longer dare to claim that they can deliver what the voters most want: growth and employment.

One might expect, and some people do expect, that the logical consequence of the triumph of market forces would be a downsizing of the general function of governments. But that will not always happen, either on the left or the right.

Politicians have a basic need to be active in government. In the UK, after nearly 17 years in power, the Conservative government is still engaging in a relentless stream of legislation; and the legislation is dominated by two themes: privatisation, and measures to combat crime and immigration which are repressive, xenophobic and illiberal.

This is what one might expect of a Conservative government in a post-Communist, free-market, post-Keynesian world.

The dilemma of the post-Socialists is different. Their basic reflex is to identify with and protect the less privileged majority of the population. But they can no longer pretend to promote growth or to prevent unemployment, they dare not promise higher taxation, they dare not identify too closely with the trade unions, and they must genuflect to the market.

Nevertheless, according to Mr Blair, "the central question of modern democratic politics is how to provide security during revolutionary change".

In the European context, a Labour government would, no doubt, sign up to the European social chapter, from which the Conservative government secured a much-trumpeted opt-out.

Yet if it is true that the "central" question of modern democratic politics is how to provide security during revolutionary change, it is clear that the answer does not lie in the largely symbolic social chapter: so there must be another avenue of approach.

This is where the relationship between government and business comes in. With economic power seeping from government to business, it is not governments but companies which create employment – or unemployment.

US corporations, for example, have been criticised for laying off tens of thousands of workers while paying their chief executives multimillion dollar salaries.

These chief executives may claim that they are prisoners of the free market, that they have no choice. But that is not an answer which is likely to satisfy the leaders of a post-Socialist party.

For all their respect for the market, the post-Socialists believe that chief executives must be forced to choose, and choose differently.

Bosses can no longer be put under pressure by trade unions, so they must be put under pressure either by legislation, or by some kind of corporatist bargain with the state.

Britain and the US are widely regarded as the vanguards of the shareholder society; so it is not surprising that it is in these two countries that we are now beginning to hear talk of alternatives to the shareholder mentality.

At the beginning of this month, Professor John Kay, an adviser to Mr Blair, recommended that public companies should observe five new obligations, including training of employees and stability of employment.

And last month, Mr Robert Reich, the US labor secretary, called for more "corporate responsibility", which he said should be promoted by tax incentives for company health care, pensions, training and profit-sharing.

The problem in all this is that there is a basic asymmetry in Mr Blair's concept of a "stakeholder" society. Many UK citizens think they should be entitled to be considered "stakeholders" because they live in the UK.

But the big corporations do not live anywhere any more; so why does Mr Blair think they will submit to the obligations implied by the stakeholder concept?

Tony Blair: tantalising concept of stakeholder society

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e.mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Disciplined ownership instead of downsizing

From Dr Stephen Davis.

Sir, Michael Prowse's protests aside, an anxious US public is pressing for government action on downsizing ("Blame consumers", March 18). One market-based response: Make corporate downsizers more accountable to their owners.

Most consider shareholders to be the demon behind the downsizing. Their time-pressed brokers follow a simple dictum: if downsizing slashes expenses, buy shares. That behaviour amounts to ownership without oversight. And not all downsizing is the best medicine for ailing companies. Given the chance, shareholders might approve cuts to save a company hit by competition; they might veto job cuts that expose management's failure to mobilise employees. Today, owners have no such opportunity. Yet wholesale redundancies have a profound impact on company value over the long term.

Consider this proposal. Any listed corporation above a specific size that seeks to cut more than, say, 15 per cent of its workforce should first get shareholder approval. Investors could press boards voluntarily to pledge such consultation. Or the government could bar companies from claiming tax benefits from large-scale cuts if they did not first obtain a green light from their owners.

Owner oversight could force management to show that wide job cuts are in the best interests of the company. Boards would police their executives to prevent cuts masking poor strategy. The result would be more competitive companies.

Institutional investors would require guidelines to decide such votes. They need not become experts in personnel management, however. A fund might declare support only if a board demonstrated that job cuts boost shareholder value more than re-training and re-deploying workers. Meeting just this test would represent a powerful new standard of accountability. It could ratify cuts that are necessary, and stop those that are not.

Critics will call the responsibility an enormous bother for which investors are unprepared. But no country can any longer afford absentee ownership. The discipline of ownership may earn back the confidence of America's anxious middle class.

Stephen Davis,
Davis Global Advisors,
57 Hancock St,
Newton, Mass, US

Beyond the call of duty

From Ms Andrea Enrico Goldstein.

Sir, What miracle would have enabled Gianandrea Gavazzeni, the Italian maestro who passed away just recently, to direct at La Scala on March 15 (International arts guide, March 9/10)?

Andrea E. Goldstein,
7 rue Poncelet,
75017 Paris,
France

Social responsibility route to improved ethics

From Ms Ann Weston.

Sir, Your editorial, "Ending trade corruption" (March 8), mentions various ways to clean up corporate ethics generally. One is to increase the number of countries bound by the World Trade Organisation rules on public procurement.

Another which your editorial suggests is for donor countries to require pledges against the use of bribes by companies involved in aid delivery. But surely it would make more sense to include aid (not to mention defence) contracts in the WTO public procurement rules?

Besides, their present exclusion allows governments to continue aid-tying, often diminishing its value to recipient countries.

Your third strategy is for privatisation, allowing a greater role for commercial imperatives. But as the letter from Mr Greg Parston (March 8) points out, these avenues may be too narrow; new ways are needed to make businesses more socially responsible.

Again, in the context of aid, donor countries such as the UK and Canada should introduce a code of conduct, to be binding on all companies involved in aid projects. Such a code would set out various norms, ranging from use of bribes to respect of human rights and certain minimum labour standards.

Ann Weston,
vice-president,
The North-South Institute,
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Ottawa, Canada K1N 5M3

Over-zealous regulation of trading is unwarranted

From Mr Charles Vincent.

Sir, I read with interest the report "Deal reached to swap information on securities risks" (March 15) regarding the move towards international cross-border co-operation on the transfer or exchange of information between investment exchanges via regulatory authorities.

As an invited speaker at the Moores Rowland 1996 Commodities and Derivatives Conference held on March 14, I expressed my objection to the direct regulation of UK companies trading in the UK investment markets by foreign regulators – one example being recent evidence of attempted regulation, by the US Commodity Futures Trading Commission, demanding evidence from London brokers trading on the New York Commodity Exchange of their open positions on the London Metals Exchange.

I am in full support of proper cross-border regulation where it is carried out through the co-operation of international regulators. I would have no objection to information regarding positions held by my company on COMEX being passed on by the Securities and Futures Authority and/or the Securities and Investment Board to the CFTC (as I believe was intended under the Memorandum of Understanding signed in September 1991 between the Securities and Exchange Commission and CFTC and the Department of Trade and Industry and SIB).

However, I see no reason why foreign regulators should be entitled to see the open positions of English brokers on the LME and I view this as an unwarranted intrusion. English firms trading on an English exchange should be subject to English regulation.

As Mr John Mackeonis of the SIB correctly points out, members of futures exchanges who trade outside of their ordinary positions or exposures, because of the margining requirements in place, would set alarm bells ringing in each jurisdiction and there should therefore be no need to stifle the industry by over-zealous regulation.

Charles Vincent,
Winchester Commodities Group,
32 Southgate Street,
Winchester, Hampshire, UK

Andrew Adonis

Lessons for the millennium

There may still be the odd person who believes we are a third of the way through the year Seven. The seventh year, that is, since the Berlin wall collapsed and Francis Fukuyama proclaimed that history had ended with the triumph of western democracy and capitalism.

That this idea was ever taken half-seriously testifies to the global influence of American fashion. Fukuyama, remember, had been a senior policy planner at the US State Department. He was all the rage in Washington's political salons. And the west, under US leadership, had *won*, hadn't it?

After hubris, nemesis. Rwanda. Yugoslavia. Somalia. This year we have had the Jerusalem bus massacres; war-like tension between China and Taiwan, and between Turkey and Greece, the latter a member of both the European Union and Nato; and the repudiation by the Russian parliament of the treaty dissolving the Soviet Union. An imminent presidential election may put Communists back in the Kremlin.

History is alive and well. How fitting, then, that the voice of nemesis should be Conor Cruise O'Brien, through his latest book *On the Eve of the Millennium*. Fitting, because O'Brien's outlook derives largely from his adoration of Edmund Burke, the 18th-century Anglo-Irish politician and polemicist.

Alone of the leading liberals of his day, Burke regarded the French Revolution – two centuries before the fall of the Berlin wall – as an unmitigated disaster. In 1789 the Americans rejoiced; Charles James Fox, leader of the British Whigs, proclaimed the new French constitution "the most stupendous and glorious edifice of liberty . . . in any time or country"; yet Burke predicted bloodshed, war, the execution of the king, a social and economic collapse, and the eventual emergence of a military dictator. It all came to pass.

However, those seeking Burkean predictions for the new millennium will be disappointed. O'Brien's crystal ball offers little beyond intensified pressure of immigration from the third world to the first world, and the abolition of the British monarchy by the end of the 21st century.

Neither is surprising. And the second, if it happens, is unlikely to have the dire consequences feared by O'Brien. He speculates that the collapse of the House of Windsor may "wrench the fabric of British society in such a way as to endanger British democracy and even – in conjunction with other forces – endanger democracy in the west in general".

This is too literal an extrapolation from the fate of Louis XVI of France. Britain is not a barely tempered autocracy, on a par with France in 1789 or Russia in 1917. If the monarchy goes, it will be because it has made itself redundant.

On the Eve of the Millennium is valuable not for its predictions but for its commentary on the state of democracy. Here O'Brien's Burkean insights are remarkably apposite. For two of Burke's prime concerns – the reconciliation of good administration with popular government, and the co-existence of reason and rationality with tradition and religion – are still relevant.

In O'Brien's view, the turning point in the advance of Enlightenment values was not 1989 but 1889 or earlier. "By a cruel paradox," he remarks rightly, "it was much easier a hundred years ago than it is now to have a firm faith in the benevolent power of progress." It is not just the deeds of Hitler and Stalin which breed pessimism, but the failure of democracy to check demagogic populism, and the rise of Christian and Moslem fundamentalism.

O'Brien reserves a special loathing for Pope John Paul II. He detects a papal plot to unite Catholicism with fundamentalist Islam in defence of traditional precepts of sexuality and reproduction, a view which appears to be rooted somewhat tenuously in the religious politics of the 1994 Cairo conference on population and development.

More telling is O'Brien's observation that there are more people in contemporary north America who believe in the literal truth of the New Testament's Book of Revelations than there were in medieval Europe. This is partly a function of relative populations. Yet since the US is the world's largest democracy, that is little consolation to proponents of Enlightenment values.

The refusal of the US to follow the rest of the west and become a secular society, and the abiding American belief in their state's role as an instrument of divine will and retribution, are among the most arresting facts of the modern world. They are reflected not just in US foreign policy but in the whole thrust of judicial and penal attitudes. The attorney-general of Georgia declared recently that he could eradicate crime from the streets if he had still more prisons. Such views are starting to make themselves felt even in Britain, where "prison works" must rank as the most simplistic soundbite uttered by a 20th-century home secretary.

O'Brien sees the post-1960 rise of soundbite politics and the obsession with opinion polls as accentuating the pre-existing weakness of democracy – the craving of politicians for short-term popularity to ensure re-election. He claims that this "malady" has afflicted every American president since Eisenhower, and could destroy US democracy.

Once again Burke is the subtext – although unstated in this case – with his classic declaration to his electors that they should not expect him to do their bidding without exercising his own judgment.

Yet O'Brien ignores a critical part of the equation. If rule by ignorant soundbite and short-term popularity is not to ruin democracy, we need not only more responsible politicians but also more responsible voters.

Thomas Jefferson, that other great 18th century statesman-philosopher, saw this. He recognised the truth that in a free society the only "safe repository" for ultimate power is the people themselves. If the people are not fit for power, they have to be educated until they are. Otherwise liberty will be crushed sooner or later.

Burke and Jefferson – however much they disagreed about the French Revolution – both have lessons to teach the new millennium. Among them is the need for new methods of involving ordinary people in considered decision-making. There is no other way to free government from the tyranny of opinion polls, media moguls and malevolent politicians.

On the Eve of the Millennium. Free Press, £7.99.

FINANCIAL TIMES

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Wednesday March 20 1996

Arms and the Bosnians

The US and its allies are once more bickering over Bosnia. The latest transatlantic argument has been played down in public, but privately each side is accusing the other of naivety and bad faith.

In European eyes, last week's US-sponsored conference in Ankara on military aid to Bosnia sent an unhelpful, even provocative, signal to the region. US officials have retorted that they were simply fulfilling a promise which the world made to Bosnia last November, when its leaders were cajoled into signing the Dayton agreement. Europeans have deplored the slowness of the US to provide reconstruction aid, while the US wants its allies to share the costs of the rearmament plan.

The US has sound legal arguments, and some moral force, on its side when it says that Bosnia, as a sovereign state, must be allowed to defend itself like any other government. In its four miserable years of life, the Bosnian government has paid an appalling price for its lack of arms. Nor has Dayton altered its fundamental problem of being surrounded by two states – Serbia and Croatia – which have repeatedly conspired, separately or together, to destroy it. But the Europeans are right to say that arms deliveries cannot be the main instrument for stabilising the Balkans.

Those US politicians who are keenest on arming Bosnia see it as an efficient and risk-free way of shoring up western interests and protecting America's friends from further disaster. But arms deliveries alone will not achieve this. Unless complemented by other peace-building devices, they may even bring disaster closer.

The most immediate danger is that the already tense relations between Croats and Moslems, who fought a bitter war in 1993, will again collapse. In theory, US military aid should help to avert that, because it is contingent on the successful pooling of the Bosnian government and Bosnian-Croat defence forces. But even if that condition is strictly fulfilled, the mistrust between Croats and Moslems will not be overcome by the enticement of weapons.

Ways have to be found of ensuring that moderates within all Bosnia's communities can argue their case and form links with one another. That alone would provide any hope of countering the current rise in influence, on all sides, of hardliners with no interest in intercommunal harmony.

The statement issued after Monday's US-sponsored talks in Geneva, attended by the leaders of Serbia, Bosnia and Croatia, contains some encouraging language. It says all political groups in Bosnia must have access to the media, and reaffirms the need for freedom of movement, tolerance and respect for private property. But similar undertakings have been given all too often before. The will or ability to enforce them has been sadly lacking. If this time they were put into practice, arms deliveries should be unnecessary. If not, arms deliveries may do more harm than good.

White Knight

After two years of discussion on reforming building society law, Mrs Angela Knight, a Treasury minister, has suddenly chosen to ride to the rescue of building societies threatened by hostile takeover. Many of the remaining independent societies, particularly the smaller ones, will welcome her move. Nonetheless, her proposals are not obviously in the best interests of the savers and borrowers who currently own building societies.

Mrs Knight has suggested that building societies which announce plans to merge should be given up to one year's protection from hostile takeover bids in order to prevent their bids being disrupted. Her announcement was a late addition to the government's plans to liberalise building society legislation; the draft bill and accompanying consultation paper were published on Monday.

There are some arguments for the kind of moratorium Mrs Knight recommends. Societies say the present rules discourage traditional mergers; the last such deal was in 1994, between Northern Rock and North of England. In a merger, savers and borrowers must approve the deal but do not receive individual payments linked to the value of the merged group. Societies believe that their members might find the offer of cash or shares from a predator – or from flotation – more attractive. Last year, merger talks between Nationwide and National & Provincial were disrupted when Abbey National revealed its plan to bid for N&P.

Nonetheless, the timing and substance of the proposal are curious. It is late in the day to introduce such a radical change; indeed, the entire package of legislation to liberalise the societies is in danger of looking outdated, given that some of the largest, such as Halifax and Woolwich, have elected to become banks.

Moreover, the proposal appears to rest on a view that current owners will be so overcome by the hurly-burly of a contested bid that they are unable to weigh up two rival offers. The government has said that it wants societies to be more accountable to their members. Part of its intent, surely, is that members should be treated like adults, able to exercise such choices.

In practice, the proposal may prove impossible to draft. If it is intended simply to preclude a formal offer, it might not be effective, given that a prospective bidder could still make clear its plans. If it bans the latter, too, that might conflict with the duty of public limited companies to inform the market of such plans.

Comments on Mrs Knight's proposal are due by mid-June. It deserves some consideration. But if it amounts simply to protecting a handful of building societies from a future which their members would prefer, it should be omitted from the final bill.

Relieving debt

After much huffing and puffing, the staffs of the World Bank and International Monetary Fund have come up with a joint approach to the vitally important but complex question of how to assist heavily indebted poor countries. The staffs deserve two cheers for their effort. This is a good start, although more may have to be done.

According to the World Bank, 41 of the world's poorest countries have "unsustainably high" external debt – that is, the present value of their total debts to official donors is more than 220 per cent of exports. Moreover, some 20 per cent of these debts were to multilateral agencies, almost half of this to the World Bank and IMF.

The aim of the new approach is to offer countries with "unsustainable debt burdens, which demonstrate an extended track record of sound economic policies and management, the assurance that their debt burdens will be brought down to sustainable levels within a reasonable time period". To achieve this, the multilateral agencies will have to make a contribution to lowering the debt service burden, even if they do not write down any of their debt.

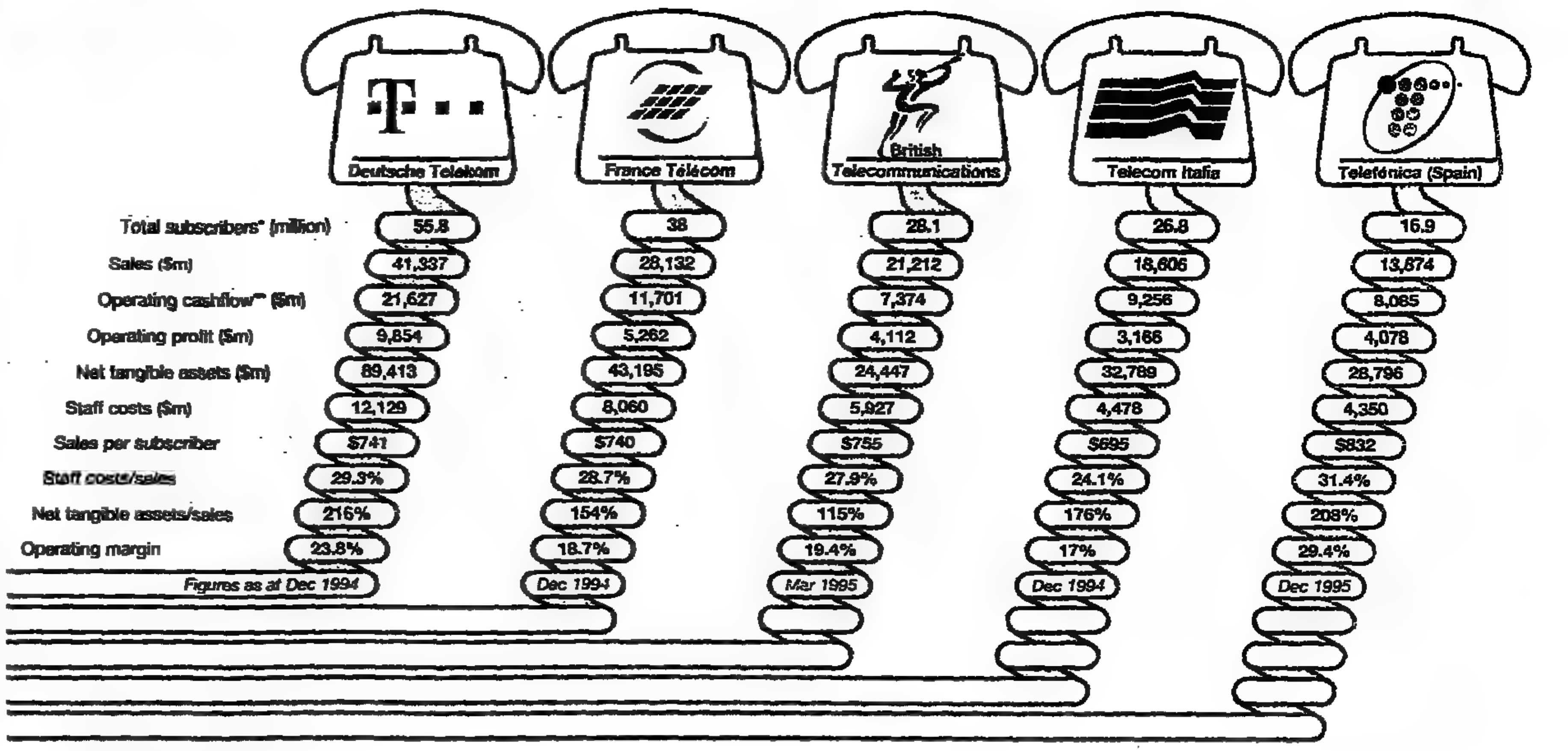
"Unsustainability" is defined as a ratio of debt service to exports of 20-25 per cent and of debt to exports of 200-250 per cent, the time period within which sustainability is to be achieved being 10 years. "A track record" is taken to mean six years of successful implementation of reform. At present, eight countries are thought likely to meet these criteria, though another 12 might do so.

By taking a country-by-country approach, insisting on good performance by borrowers, calling for particularly generous treatment by bilateral creditors and stressing the need to lower the present value of the claims of multilateral agencies, these proposals are on the correct lines. Writing down debts to particular creditors is, indeed, neither a necessary nor a sufficient condition for solving the problems of heavily indebted countries. Above all, the approach is wise in concentrating debt relief on countries that both need and deserve it.

This said, these proposal are likely to prove too unambitious. Six years of good performance looks too long in countries with such fragile economic and political stability. Considerably more than eight countries are likely, in practice, to emerge as unsustainably indebted. And if bilateral creditors are not prepared to be as generous as is hoped, multilateral agencies may even have to write off some of the debt due to them, however painful they may find it.

It is right to be tough; it is right to insist on performance; it is right to be concerned about the precedent that could be established by any form of debt relief. But it is just as necessary to offer these often desperately enfeebled states a real hope of escape from their dire predicament.

Deutsche Telekom: a calling card



* Includes telephone lines, cellular mobile and cable TV
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Source: company reports

Muffled ring of confidence

Germany's largest share offer presents Deutsche Telekom with a complex challenge, say **Michael Lindemann** and **Andrew Fisher**

Mr Ron Sommer knew he was taking on a tough job when he became head of Deutsche Telekom, but he is only now finding out just how tough.

As he said recently, running the group – the world's third largest telecoms operator in terms of sales – and guiding it through its partial privatisation set for later this year is more than "just a job". It is a "mission".

Certainly, the task facing the 46-year-old former head of European operations for Sony, the Japanese electronics group, who took over as chief executive last May, will involve a delicate balancing act.

He must please both the German government, the group's owner, which will retain some 83 per cent of the company after November's sale of 500m new shares, and the big international investment banks anxious to make a success of one of the world's largest share issues, which is expected to raise approximately DM15bn ($10bn).

He must also prepare the company for full liberalisation of the German telecoms market in 1998, after which the group will face head-on competition from some of the world's biggest operators.

Finally, he must persuade a large proportion of Deutsche Telekom's 41m telephone customers that the issue will be worth investing in. The company and its bankers must also aim for a strong secondary market in the shares because a second tranche of 500m is due to be sold before 1999. The two issues will put one-third of the company's capital in private hands.

The group is facing these challenges at a difficult time.

It is still dealing with the fallout from the introduction at the beginning of this year of a complex new tariff system. This raised the price of local calls in Germany by an average of 3.8 per cent, but in some cases by up to 156 per cent, and caused a wave of protests across the country. The windows of at least one Deutsche Telekom shop were smashed. Mr Sommer said a number of company employees received death threats.

Then, earlier this month, Mr Sommer's hopes of creating a single consortium to develop and market digital television in Germany were dashed after Mr Leo Kirch, the Bavarian media mogul, and Veba, the industrial conglomerate, pulled out of an alliance he had painstakingly tried to put together.

Meanwhile, staff morale has been deteriorating, partly because the company's 213,000-strong workforce – already reduced by 15,000 last year – will be cut by a further 43,000 by 2000. While management and unions have agreed there will be no compulsory redundancies, the planned restructuring has made many employees anxious.

The strains are sometimes visible behind the high-tech facade of its smart new Bonn headquarters.

In particular, Mr Sommer, who is used to a business environment in which political sensitivities are seldom an issue, is angry at politicians who, he says, are constantly interfering with his business plans. "The politicians have to consider very carefully what they do with this jewel," he told journalists in Bonn last month. "It is not for politicians to tell us on a daily basis how we are to set our prices. If they do, we can really start beginning to forget the stock exchange listing."

To add to his problems, the company's bankers are finding it difficult to put a value on the company, because many details of the sale will be finalised only when legislation governing Germany's liberalised telecoms market is passed. This will come in July at the earliest.

"It is rather difficult to value a company if you don't have any proper details about the legislation," says one exasperated Frankfurt banker. Inter-connection charges to be paid by competing telecoms operators for access to Deutsche Telekom's network are also still to be decided. And potential investors will not receive a clear idea of the latest profit trends at the company until it publishes its 1995 results in early June.

Although Deutsche Telekom has yet to start wooing international investors in earnest, the groundwork is being laid, especially in Germany, which will be by far the most important market for the issue. A timetable for a series of roadshows to be given worldwide by the company and its advisers is set for release today.

In recognition of the importance of attracting German investors, the build-up to November's issue will be an unusually long one.

The campaign proper will start next month when several million German households will be bombarded with information, explaining why they should think about buying a stake, however small.

Although German investors will be wooed the most avidly, the company will seek a listing in the US, the world's biggest capital market, and will also market its shares in Japan, the rest of Europe and other leading Asian markets. According to an equity manager at one large German bank, German investors are likely to end up with two-thirds of the shares sold in the proposed two issues, with foreign buyers mopping up the rest.

The resources to fund this level of buying are certainly available in Germany: a share issue last year by Merck, the pharmaceuticals group, which raised DM2.4bn, was some three times oversubscribed. But investors must be convinced that the Deutsche Telekom issues will give them good value for money.

Since Deutsche Telekom will be included in the Dax index of German blue chip stocks, institutional investors are likely to need less convincing than private investors.

But private investors must also be persuaded to buy to ensure the issue's success. This means that the issue "has to be priced attractively", in the words of one Frankfurt-based analyst who predicts an issue price of between DM25 and DM35. Mr Sommer has said the shares will be priced "around the cost of a family trip to the cinema".

The prime task of the impending sales campaign will therefore be to make smaller investors aware in good time that Deutsche Telekom is coming to market and to arouse their interest in advance.

Although last year's value of new share issues in Germany was a record DM8bn, many investors are still wary of shares. "People have to be persuaded to feel comfortable with the Deutsche Telekom issue," says one analyst.

In an attempt to ensure that as many potential investors are attracted as possible, the company has increased the number of banks in the consortium placing the issue in Germany from 12 to 36. An equities manager at one bank in the consortium said its approach would be to encourage investors to set aside enough money to buy shares ahead of time, by putting the funds on deposit or in a money market fund.

"We don't want people to suddenly wake up and find they've no funds left," the manager says. "We cannot take retail demand for granted. We shall have to make a conscious effort to generate demand. We have got to get new investors."

Although main details of the sale have still to be fixed, some believe the government may decide to require individual investors to apply for at least DM3,000 worth of shares. To guard against disappointment, all subscribers may be guaranteed a minimum allocation. There could also be incentives to encourage investors to hold the shares.

Despite the thoroughness of preparations for the issue by both the company and its banks – the issue is headed by Goldman Sachs of the US, Deutsche Bank and Dresdner Bank – there are still doubts about Deutsche Telekom's ability to compete. "Productivity clearly has to be improved," according to one analyst.

In spite of the anger it provoked in January, the new tariff structure is generally welcomed by the banks. But the company's charges remain complicated, and long-distance and international calls cost more than in many other European countries.

However, a start has been made in trying to target user groups more effectively. Moreover, although the year started badly, Mr Sommer can claim one recent success.

Last week the company finally secured government approval for a programme of discounts that will enable it to strengthen its competitive position in the lucrative corporate market by offering rebates of up to 39 per cent on phone bills.

In return, however, the company has had to offer a number of incentives for private customers, particularly frequent callers.

The company will give no indication of the impact these developments will have on results. But they are indicative of the increasingly competitive environment in which Germany's largest-ever share issue will be launched.

CORRECTION

Japan

The wrong photograph was used to illustrate yesterday's feature on the Japanese economy. It showed a Korean, not a Japanese, street scene. We apologise for our error.

· OBSERVER ·

Bob Lutz's albatross

■ Chrysler Corporation shares may be flying higher and higher. But Bob Lutz, Chrysler's larger than life president, has just hit the ground with an almighty bang. Last Sunday he pranged his Czech jet fighter, his second crash in five years.

Lutz, 64, a former US marine pilot, has always liked to live life in the fast lane. He owns a dozen cars and five motor cycles. But his prize possession is his L-39 Albatros jet fighter which he bought for $200,000 a year ago. At weekends, Lutz is often to be found streaking across the Michigan skies at close to 600mph, which has led to his being nicknamed 'Chrysler's top gun' by local radio stations.

However, as Lutz was returning from a sortie last Sunday, his attention was caught by another plane and he suffered what he terms a "cockpit distraction". Basically, Lutz forgot to lower his landing gear. He escaped unhurt. But it is his second accident – he crash-landed his chopper at Ann Arbor's municipal airport in 1991.

Up to now, Chrysler investors have been worried about what would happen if Lutz defected and joined Kirk Kerkorian, Chrysler's disgruntled shareholder. Last Sunday's accident suggests they may be worrying about the wrong thing. Perhaps it is time that Lutz traded down to something less exciting, like a second world war battle tank.

Limited options

■ Is the derivatives industry going ex-growth? Just a thought after the hair-shirt aura at last week's annual International Futures Industry Conference, held as usual at the otherwise luxurious beach resort of Boca Raton, Florida.

The centrepiece of the conference was an information sharing accord, designed to limit the risk of another Barings style disaster – signed at 7.15 am. Gerard Pfauwadel, chairman of the Paris-based Matif, was reminded of the army. "We don't do a lot of things but we do them early."

Attendance at the signing at least precluded participation in a 5 kilometre "Run for your Life", a fun run sponsored by the London exchange starting a quarter of an hour earlier.

Own merits

■ Does a chairman emeritus carry more clout than a life president? The question arises because Lord Weinstock, 71, has decided to take the title now that he is standing down from the board of the UK's General Electric Company.

Chairmen emeriti are not all that unusual in corporate America. Tom Watson, the man who put IBM on the map was one, as was ITT's Harold Geneen. Other blue chip companies ranging from Boeing and Lockheed to Continental Grain have given the title to their company patriarchs. In Britain, however, it has generally been used to cover distinguished academics who give up their university chair and can't bear to bow out altogether.

Frank Giles, a former editor of the Sunday Times, relates how he once asked Rupert Murdoch why he had been given the title editor emeritus when he retired. "It's Latin," replied Murdoch. "The 'e' means you're out, and the 'meritus' means you deserve it."

Hardly true in Lord Weinstock's case – in which there is the added complication that he never served as chairman. Managing director emeritus, though, would have been a mouthful, as well as pretentious.

Winnie takes all

■ It was a slimmed-down, power-dressed Winnie Mandela who appeared in court this week to hear her husband granted a divorce after describing himself as "the loneliest man during the period I stayed with her" after his release from prison.

Abandoning her highly coloured traditional African garb, the South African president's estranged wife donned a relatively sober suit – while Mandela lashed into her high-spending life style that he claims involves monthly outlays of R107,000 ($27,365) from an income of a mere R16,000 or so.

The pair are due to reappear in court today, to thrash out Winnie's attempt to corral half her ex-husband's assets – a very large chunk of which is thought to go at present to charity.

After that, it will be a question of whither her political career? She has kept a particularly low profile in the run-up to the case – leaving plenty of time for the exercise bike. But does her revamped physical image presage a fresh political assault when the divorce proceedings are done?

As president of the women's league, the 61-year-old Winnie does retain a power base within the ANC, where a general feeling prevails that her political career is not over, despite her sacking last year from the cabinet. What's more, in three years' time Nelson Mandela will retire – leaving her the field to capitalise on that most precious name in South African politics. As even Archbishop Desmond Tutu – never a fan – reluctantly admitted yesterday: "She's a toughie. She has more lives than a cat."

Keystroke uppercut

■ What does an economist have in common with a computer? You have to punch information into both before they are any use.

The Financial Times

100 years ago

Progressive gold mining

For progressive geography and gold mining go to Perth in Western Australia. The correspondent of Reuter's agency out there solemnly informs us that a rich discovery of gold is reported to have been made in the Darling Range, "40 miles west" of that city. There should be no difficulty in "floating" a company to work 40 miles west of Perth, which is an eligible site in the Indian Ocean. The water-difficulty at all events ought to be absent.

50 years ago

Mexican railways

Bondholders of the defaulting National Railways of Mexico backed an indifferent horse. They will probably consider themselves fortunate to have the opportunity of saving something from the wreckage of their claims. Three-and-a-half years after concluding a settlement covering the direct obligations of the Mexican Government, the persevering International Committee of Bankers on Mexico has now succeeded in negotiating with the Mexican Government a plan for the resumption of interest payments and amortisation on a much reduced basis.

FINANCIAL TIMES
Wednesday March 20 1996

UK unveils massive security operation for Euro 96

Britain heads EU plan to control soccer hooligans

By Jimmy Burns in London and Emma Tucker in Brussels

The British government is co-ordinating an unprecedented Europe-wide policing effort to prevent rioting by rival football fans during Euro 96, the soccer championships which the UK will host in June.

Mr Michael Howard, the UK home secretary, yesterday won formal backing from the European Union at a Brussels meeting of interior ministers for a plan which has taken UK police and government officials more than two years to develop.

"The early and prompt exchange of information about the movement of spectators, with a special emphasis upon those few fans who may be intent on causing trouble, has long been regarded as an important measure in preventing the outbreak of serious disorder," Mr Howard said.

UK police sources say it will be difficult for any European passport holder to be turned back at ports of entry because of the EU's freedom of movement legislation.

In some countries, such as the Netherlands, dissemination of information about individuals is restricted by national data protection laws.

However, UK police believe European co-operation is essential if they are to carry out successfully the country's biggest ever security operation in peacetime.

A warning about the dangers of rioting breaking out during Euro 96 was issued yesterday by a senior officer in the UK police's football intelligence co-ordinating unit, Detective Inspector Peter Chapman.

"Certain countries do have a similar hooligan problem to ours, and a minority may come to try and disrupt things and provoke confrontation," he said.

The main potential flashpoints believed to concern police are those involving English, Scottish, Dutch and German fans.

According to the UK's National Criminal Intelligence Service, some 300,000 fans plan to come to Britain in June for the biggest sports event to be staged in the country since the 1966 soccer World Cup.

The competition is expected to be watched by a record TV audience of 6.7bn viewers worldwide.

The main measures of the security operation include:

- Careful scrutiny of certain airline, ferry, and train passenger lists.
- Use of European and UK police undercover officers or "spotters" to help identify and track known national hooligans. European police will also have liaison officers working with UK football intelligence police at a special command centre located in Scotland Yard.
- European security services will provide the UK with lists of suspected national hooligans and updated intelligence reports on riot plans.
- Use of a high-tech "photophone" which stores and transmits images of known hooligans between UK police and European police forces.

UK stalls on Europol, Page 2

Prince comes to rescue of Michael Jackson

By Andrew Jack in Paris and Alice Rawsthorn in London

If ever anyone needed a prince to come to the rescue, it was the pop star Mr Michael Jackson.

Yesterday his wish seemed to come true in a Paris press conference announcing an "entertainment joint venture" focused on "family values" with Prince Alwaleed bin Talal bin Abdulaziz, the businessman nephew of King Fahd of Saudi Arabia.

Struggling to save his career after child sex allegations, he has suffered disappointing sales of his latest album, and the collapse of his marriage to Lisa Marie Presley, the daughter of rock singer Elvis Presley.

Mr Jackson yesterday signed an agreement to launch Kingdom Entertainment with Prince Alwaleed, a significant investor in companies such as Euro Disney, the leisure company; Canary Wharf, the office development in London's Docklands; Citicorp, the US bank; and Mediaset, the Italian media company.

In a brief statement, the singer spoke of "a long-awaited dream come true" with "the development of a fully integrated global entertainment company" emphasising the family, which would become involved in theme parks, hotels, films, recordings, publishing, tours, licensing and merchandising.

Mr Jackson has demonstrated considerable business acumen. Last year he struck a deal to sell his music publishing company, which includes the rights to the Beatles songs, to Sony in a deal worth $500m.

It is unclear how the latest deal will be viewed by Sony, which is believed to have discussed producing films with him in 1991.

Prince Alwaleed, who rarely appears in public, concluded with the hope that the enterprise would achieve the "considerable success" of his other business activities.

Mr Khaled Al-Mansour, who described himself as friend and adviser to the two men, said that he would be a director of the company, along with Prince Alwaleed's adviser, Mr Mustafa Al-Hejailan, and Mr Charles Mustafa Bobbit, who represents Mr Jackson.

Mr Al-Mansour said he would have to find out whether the joint venture would be equally controlled by the two men because he "had not asked".

Mr Jackson's contract with PepsiCo, which sponsored his previous tour, ended after allegations of child sex forced him to abandon a world tour in 1993.

Asked whether Mr Jackson was an appropriate person to promote "family values", Mr Al-Mansour said Prince Alwaleed had made a full investigation and was satisfied that the pop star was "well qualified" to promote messages of moral commitment.

UK clothing company set to face Russian partner in court

By Chrystia Freeland in Moscow

Illingworth Morris, supplier of woollen overcoats to tsars and politburo chiefs, profited during communist rule, but has been pulled out of shape by the market forces of the new Russia.

Welcomed personally to the country by President Boris Yeltsin, the British clothing company is entangled in a bitter legal dispute with its partner, Bolshevichka, Russia's premier off-the-rack suit manufacturer.

The conflict has turned personal. Mr Alan Lewis, the chairman of Illingworth, which had turnover of nearly £50m ($76m) in the year to April 1995, yesterday accused his partner, Mr Vladimir Gurov, the manager of Bolshevichka, of hoping that the British company would be so frustrated by its experiences that it would walk away from the deal.

The two companies will appear in the Moscow city civil court next week, as local officials have brought an action to try to resolve the dispute.

Three years ago, Moscow's property fund sold Illingworth a 49 per cent stake in Bolshevichka in exchange for a payment of Rbs100m (about $92,000 at the time) and an investment of $5.5m over five years.

Mr Lewis claims the factory management has blocked the investment to stop him obtaining his stake in the company, which has rebelled against the original sale agreement drafted by the Moscow government.

"Mr Gurov did not want us to invest, he wanted us to get frustrated and go away so that he could continue to control the company," Mr Lewis said. "The real issue is whether a general director is above the law in Russia or whether he has an obligation to protect shareholders."

Mr Lewis says he has already invested $2.5m in Bolshevichka in the form of licensing agreements and that he has deposited $1m in a Moscow bank account, which he says Mr Gurov can draw upon at any time.

Mr Lewis, who hints at "unusual practices going on which we did not understand" at Bolshevichka, portrays Mr Gurov as a classic Soviet-era factory manager reluctant to surrender control of a factory he has come to see as his personal fiefdom.

In reply, Mr Gurov, a westernised executive with an exercise bicycle in his office, accuses the British company of not keeping its investment pledges. He alleges Mr Lewis has tried to transfer unsuitable equipment to Bolshevichka and not supplied promised access to western markets.

But the basis of Mr Gurov's complaint is that his company has been sold off too cheaply, a lament heard with increasing frequency throughout the country. "Mr Lewis is a professional investor, it doesn't matter to him what he buys or sells as long as he makes a profit," Mr Gurov said.

Beijing condemns US navy's manoeuvres

Continued from Page 1

build-up of US forces in the area since the Vietnam war.

US and Taiwanese officials, meanwhile, held a scheduled annual meeting in Washington to discuss possible new arms sales to Taipei.

China yesterday hailed its exercises in the Taiwan Strait as demonstrating "greatly improved" military capabilities. "The successful launch of a set of war exercises conducted by the People's Liberation Army since last year is clear proof of the military's modernisation," the official Xinhua news agency said.

The US administration has separated the issues of MFN renewal and human rights in China, adopting what Mr Rubin described as a "long-term strategy of engagement". During his visit to Hong Kong, he received support for this stance from Mr Chris Patten, the Hong Kong governor, who urged unconditional renewal of China's trading status.

In his speech to the American Chamber of Commerce, Mr Rubin urged Beijing to safeguard free markets and information flows in Hong Kong, which returns to Chinese sovereignty next year.

THE LEX COLUMN

Aerospace manoeuvres

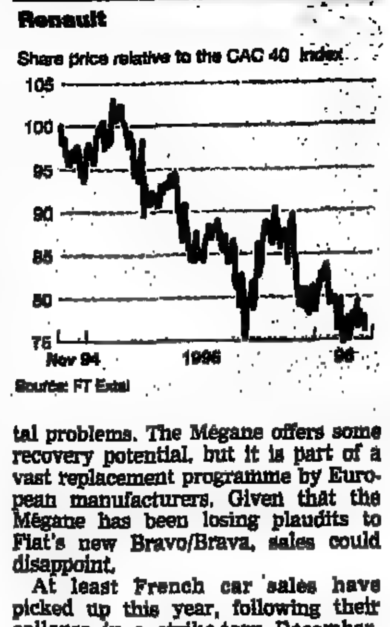
An Anglo-German front is emerging over the need to restructure Airbus. Both British Aerospace (BAe) and Daimler-Benz, two of Airbus's partners, are already convinced that the consortium must turn itself into a proper company. Now the German government has backed the campaign by linking the grant of further aid to a change in Airbus's status. It is right that the group will only be able to compete against Boeing if free to select suppliers on the basis of value for money rather than carving up the workload according to partners' shareholdings.

Germany's statement puts Aérospatiale, Airbus's other main partner, in a bind. Turning Airbus into a company would probably involve diluting the French state-owned group's stake. This is because Aérospatiale's loss-making factories are less efficient than BAe's and even Daimler's, where costs are now being slashed. On the other hand, Aérospatiale is enthusiastic that Airbus should press ahead with the development of a "super-jumbo" to challenge Boeing. Sadly, the $8bn-$9bn project will probably not stack up financially unless Airbus receives $3bn in "launch aid" from Europe's governments. And without funds from Germany, Britain and France are most unlikely to chip in.

President Jacques Chirac could yet exploit the overall strength of the France-German alliance to persuade Chancellor Helmut Kohl to change his mind. If that fails, Aérospatiale could veto a change in Airbus's status. But that could prompt a closer pact between BAe and Daimler, leaving Aérospatiale out on a limb as Europe's aerospace industry restructures.

FT-SE Eurotrack 200: 1675.5 (+14.7)

Renault



Source: FT Extel

Renault

Renault has added to the pile-up in France's privatisation programme. This time last year, Europe's third largest car manufacturer was hinting at profits growth for 1995 – a comfortable platform for the government to sell a further chunk of its 53 per cent stake. Yesterday, it revealed that its core cars division slumped to FFr1.7bn of losses. And group earnings per share fell 42 per cent despite a sharp pick-up at Renault's truck division.

Renault has endeavoured to pass the buck, and it has some reasonable excuses. Currency turmoil, a weak European car market and the up-front costs of the newly-launched Mégane all hurt. Nonetheless, Renault has an effective currency hedge in its large-scale exports from Spain. Moreover, it has been losing market share in core markets, suggesting more fundamental problems. The Mégane offers some recovery potential, but it is part of a vast replacement programme by European manufacturers. Given that the Mégane has been losing plaudits to Fiat's new Bravo/Brava, sales could disappoint.

At least French car sales have picked up this year, following their collapse in a strike-torn December. However, the car division is going to have to run fast to enable the group to stand still, since commercial vehicle sales have probably peaked. And the management has not attacked costs with the same vigour as many competitors. On forecasts of FFr3bn profits for 1996, the shares do not look cheap. And even if business picks up, the upside for the shares is limited by the potential supply from an increasingly desperate French government.

Lucas

Mr George Simpson has undoubtedly improved Lucas's efficiency during his two-year stint as chief executive. But he has done nothing to resolve the automotive group's strategic weaknesses. With the exception of diesel systems, Lucas has few products with strong market positions. It lags behind Bosch and Allied-Signal in anti-lock brakes, while both electrical wiring and the spare parts division are commodity businesses. Bolt-on purchases or joint ventures in any of those areas would help. But to break into the big league of automotive suppliers requires a much bolder move: Lucas has automotive turnover of less than $4bn a year compared with $10bn or more for its top competitors.

It is difficult to see how the group can bridge that gap. It has apparently set its face against a merger with Valeo of France. But the scope for substantial acquisitions is limited by a weak balance sheet and consistently poor cash performance – it has suffered a £125m working capital outflow in the past six months. And with margins of 5 per cent, well below those at rivals like GKN and T&N, Lucas's operating cash flow is inadequate.

To strengthen the group's finances and create some room for manoeuvre, Mr Simpson's successor should think of disposals before he thinks of acquisitions. Selling the brakes division would allow a clearer focus on faster-growing areas like diesel or electronics. Getting rid of one of its traditional core businesses would also help to shake up Lucas's entrenched culture. This recipe has certainly worked at rival BBA.

Goldman Sachs

The money is rolling in at Goldman Sachs. The investment bank's $666m pre-tax profits for the three months to February are not only three and half times the depressed profits of the comparable quarter a year ago; they are 29 per cent higher than the profits of the previous quarter when business was already booming. As a partnership, Goldman's results cannot be taken at face value. If Goldman were a normal firm like Morgan Stanley or Merrill Lynch, it would probably have to pay its 174 partners an average of $2m or so – reducing declared profits by around $350m a year. But even adjusting for such a notional payment, the latest quarter's figures amount to an impressive 36 per cent annualised pre-tax return on partners' capital.

Goldman has, of course, been helped by booming financial markets. Its investment banking division was boosted by the surge in worldwide mergers and acquisitions and the strong flow of new issues. The bull market on Wall Street sustained equity sales and trading. Debt sales and trading did not perform quite as well, because bond markets were essentially flat during the quarter.

A further reason for the profits increase is that Goldman, which pulled in its horns following a disastrous performance in 1994's bond markets, is assuming more proprietary trading risk again. Goldman believes it is not courting disaster this time round, because individual proprietary bets are not as big as in the past. Nevertheless, the memory of 1994 has been expunged remarkably quickly. At least, the partners are risking their own capital.

Additional Lex comment on Rexam, Page 20

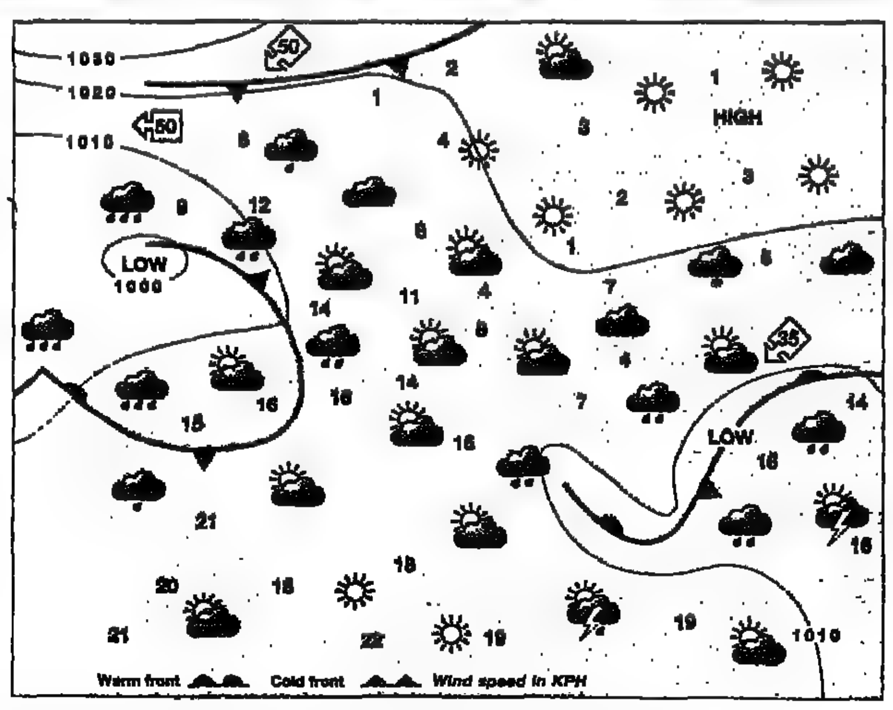
FT WEATHER GUIDE

Europe today

A depression will cause cloud and rain in the Balkans, Greece and Turkey. Italy will be dry and sunny. Spain will have rain at first but will brighten during the day. Depressions will move from the south-west across the British Isles, bringing cloud and rain. France will have widespread periods of rain. The Benelux and Germany will remain dry and partly cloudy with temperatures from 7C to 13C. The Alps will have widespread early mist followed by sunny periods. To the east, cloud will decrease and it will be fairly sunny in eastern Europe, Belarus and western Russia with temperatures just above freezing.

Five-day forecast

Showers will develop in Greece and Turkey in the next few days. The rest of the Mediterranean will remain dry and fairly sunny. Depressions will move west and north away from the Continent. The British Isles, northern France and the Benelux will have more cloud and periods of rain. Later, the continent will become dry with occasional sunny spells. Bright periods are also expected over the British Isles. Eastern Europe will remain sunny and dry



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum	Beijing	fair	15	Caracas	fair	29	Faro	fair	18	Madrid	cloudy	16	Rangoon	shower	36
		Celsius	Belfast	cloudy	7	Cardiff	rain	10	Frankfurt	cloudy	11	Majorca	fair	17	Reykjavik	sun	0
Abu Dhabi	fair	32	Belgrade	fair	7	Casablanca	sun	23	Geneva	fair	13	Malta	sun	16	Rio	cloudy	26
Accra	fair	33	Berlin	fair	8	Chicago	fair	-1	Gibraltar	shower	18	Manchester	cloudy	9	Rome	fair	15
Algiers	fair	21	Bermuda	rain	24	Cologne	cloudy	12	Glasgow	drzzl	8	Manila	shower	31	S. Frsco	sun	20
Amsterdam	cloudy	10	Bogota	cloudy	20	Dakar	sun	25	Hamburg	cloudy	4	Melbourne	shower	19	Seoul	sun	16
Athens	shower	12	Bombay	sun	32	Dallas	sun	13	Helsinki	fair	2	Mexico City	sun	28	Singapore	fair	33
Atlanta	cloudy	5	Brussels	fair	11	Delhi	fair	28	Hong Kong	rain	27	Miami	fair	23	Stockholm	sun	3
B. Aires	shower	31	Budapest	fair	5	Dubai	fair	32	Honolulu	fair	27	Milan	cloudy	15	Strasbourg	cloudy	11
B.ham	cloudy	9	C.hagen	fair	4	Dublin	rain	8	Istanbul	fair	7	Montreal	snow	-1	Sydney	sun	23
Bangkok	fair	38	Cairo	fair	21	Dubrovnik	drzzl	13	Jakarta	shower	31	Moscow	sun	5	Tangier	fair	20
Barcelona	shower	16	Cape Town	fair	27	Edinburgh	drzzl	6	Jersey	rain	12	Munich	cloudy	7	Tel Aviv	shower	16
									Karachi	sun	33	Nairobi	shower	29	Tokyo	sun	14
									Kuwait	sun	31	Naples	cloudy	14	Toronto	snow	-2
									L. Angeles	sun	23	Nassau	fair	24	Vancouver	shower	11
									Las Palmas	sun	23	New York	snow	2	Venice	cloudy	12
									Lima	cloudy	26	Nice	fair	15	Vienna	fair	6
									Lisbon	shower	16	Nicosia	rain	16	Warsaw	sun	-1
									London	drzzl	12	Oslo	cloudy	1	Washington	rain	4
									Lux.bourg	cloudy	10	Paris	cloudy	14	Wellington	sun	18
									Lyon	cloudy	13	Perth	sun	32	Winnipeg	fair	0
									Madeira	cloudy	19	Prague	sun	7	Zurich	cloudy	10

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Further gains at Goldman Sachs

Goldman Sachs, the investment bank, *has recorded* a further strong increase in profits in the first quarter of its financial year. Pre-tax profits were $565m, up from $437m in the fourth quarter of last year, and well ahead of the $160m earned in the first quarter of last year. Page 18

Bayer pledges to beat record
Bayer, the German chemicals and pharmaceuticals group, pledged to improve its record 1995 pre-tax profits by another 10 per cent this *year* in *one of the* most upbeat statements recently made by a German company. But *Mr Manfred* Schneider, chairman, warned of cost-cutting and job cuts. Page 16

Michelin more than doubles net income
Michelin, the world's largest tyre manufacturer, more than doubled *net income to FFr2.8bn ($550m)* last year in spite of price increases and a slowdown in several of its more important markets. Net profits last year were FFr1.3bn. Page 17

Corning looks at options for growth
Corning, the US manufacturer, has a problem with *its shares, which have halved relative to the market* from a peak at the end of 1991. Mr Roger Ackerman, Corning's new chairman and chief executive, is looking at *ways to return it to growth. Page 18*

Profits fall at Brazilian steel group
Companhia Siderúrgica Nacional (CSN), Brazil's biggest steel mill, saw profits fall sharply in 1995, although analysts welcomed the result as positive and within expectations. Net profit was R$107.3m *(US$110.7m), down from R$159.7m*. Turnover fell from R$2.77bn to R$2.56bn. Page 18

Japan's second-tier brokers cut forecasts
Japan's second-tier brokers, the medium-sized securities houses, have been *forced to revise downward* their earnings forecasts in view of the slow return to the Tokyo stock market by retail investors. Page 19

St George Bank bids for Metway
The shake-out in Australia's banking industry continued when St George Bank, the Sydney-based regional bank which has been widely tipped as a takeover target, announced an agreed A$790m *(US$611.3m)* cash bid for Queensland's Metway Bank. If the deal goes ahead, it will create the country's fifth largest banking group. Page 19

Rexam warns of difficult markets
Rexam, the printing, packaging and coatings group, reported a sharp drop in annual profits and warned that conditions in its main markets would remain difficult until at least the *second half of this year.* Pre-tax profits in 1995 fell from £226m to £180m ($275m). Page 20

Nigerian sales help Paterson Zochonis
Improved fortunes in Nigeria, which accounts for about a fifth of sales, helped to lift interim profits at Paterson Zochonis by 18 per cent. The toiletries and detergents group, which makes Cussons Imperial Leather soap, reported pre-tax profits for the six months to the end of November at £13.2m, against £11.2m. Page 20

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
[illegible]	940	+	17
Bilf & Berger	563	+	[illegible]
Mannesmann	530	+	14
PWA	203.5	+	4.5
Volkswagen	544.5	+	10
Falls			
Goldschmidt	520	–	[illegible]
NEW YORK ($)			
Rises			
Capital Re	35⅞	+	2¼
Cincinnati Bell	36	+	2⅝
Disc Auto	28¾	+	2¼
HCC Ins	57¼	+	3⅛
Falls			
Belo (AH)	33¼	–	2⅛
Dimon	16⅞	–	1⅜
LONDON (Pence)			
Rises			
Eidos	810	+	72
Fired Earth	78	+	11
Fisher (J)	130	+	25
Johnston Press	186	+	23
Kingsbury	223	+	34
Falls			
Dawsongroup	205	–	[illegible]
TORONTO (C$)			
Rises			
EI Eco Logic	11⅛	+	⅞
PC Docs	22⅝	+	1⅛
Plaintree Sys	6½	+	¼
Falls			
Gentel	8⅝	–	⅞
Guyanor Res B	13⅞	–	1⅛
Nudorf Res	2.2	–	0.65

PARIS (FFr)			
Rises			
Radiotechn	544	+	34
Falls			
BIC	545	–	18
Club Med	438	–	12
Cred Lyon	215.1	–	5.9
Synthelabo	363	–	17
Worms Cie	272.7	–	6.8
TOKYO (Yen)			
Rises			
Calpis Food	743	+	46
Fujita Kanko	2100	+	[illegible]
[illegible]	695	+	46
Kawamatsu	452	+	26
Noritake	956	+	46
UBE Inds	385	+	22
HONG KONG (HK$)			
Rises			
Hysan Dev	23.8	+	1.85
New World Dev	36.2	+	1.8
Peregrine Inv	12.8	+	0.6
Wing Hang Bk	32.8	+	1.9
Falls			
China EB-HID	1.55	–	0.23
Hang Fung	0.54	–	0.05
BANGKOK (Baht)			
Rises			
OCC	61.5	+	5.5
S&J Intl Ent	[illegible]	+	3.5
Textile Prestige	55.5	+	5
Thai Wacoal	154	+	14
Falls			
[illegible]	52.5	–	28
Thai Ind Glass	54	–	5.5

New York and Toronto prices at 12:30.

Further dent put in French hopes of selling second tranche of vehicles group

Renault falls 41% as cars swing into loss

By David Buchan in Paris and Haig Simonian in London

Renault, the French vehicles group, yesterday blamed its 41 per cent fall in net profits, to FFr2.14bn ($420m), on weak European car demand, a major model *change and unstable currencies.*

The 1995 decline was caused by poor results in the cars division, which swung to a FFr1.7bn operating loss from a FFr289m profit.

Turnover improved by less than 2 per cent to FFr184bn. A 0.8 per cent decline in car sales was offset by *a 13.4 per cent jump in* commercial vehicles.

The figures bode ill for the government's hopes to sell more of its 53 per cent stake. *Expectations that* a second tranche of shares would be placed were damped last year when Renault's *stock fell below its issue price.* Prospects are now overshadowed by the soft European car market and tougher conditions for trucks in the US and Europe.

Mr Louis Schweitzer, Renault's chairman, conceded the group *could not expect commercial* vehicles to prop up cars because European and US truck demand was set to enter a downward phase of the cycle. He expressed *moderate optimism for 1996* and confirmed Renault would hold its dividend at FFr3.50.

While lower profits had been predicted, the plunge into loss on the cars side came as a shock. Renault blamed weak European demand, an 8 per cent contrac*tion in Turkish sales and the cost* of last year's replacement of the R19 by the Mégane. It said the depreciation of *some* south European currencies had cut operating income by nearly FFr1bn.

Mr Schweitzer said 1995 had been a year of transition in the important medium-upper segment, which accounted for nearly 30 per cent of European car demand. Yet in spite of claims that the Mégane had been selling well, one Paris analyst said Renault's overall product mix had *deteriorated, with fewer sales of* higher-margin big cars.

The commercial vehicles division reported a fivefold improvement in its operating profit contribution to FFr978m.

Renault said its trucks had sold more strongly in Europe, while *its Mack Trucks subsidiary in the* US had enjoyed an excellent year. However, Mack's profitability remains marginal and the company is struggling to lower its break-even point ahead of an expected collapse in demand.

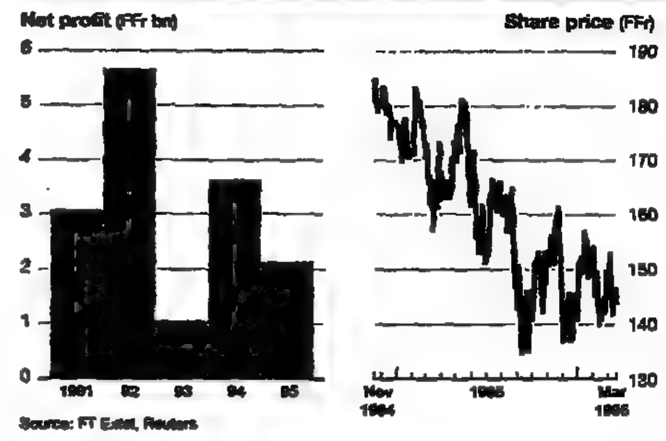
Renault maintained its third position in the European market, with a 10.8 per cent share.

In France, however, registrations fell 11 per cent in the second half after an interruption in *government incentives to car* buyers and the impact of December's strikes.

Lex, Page 14

A turn in the wrong direction


Renault Sport Spider



Source: FT Extel, Reuters

MTV steps up the beat of global expansion

By Raymond Snoddy in London

MTV, the satellite television *music company*, yesterday announced it was investing "tens of millions of dollars" in an *expansion of its international* operations in Europe, Asia and Latin America.

MTV Europe, which reaches 52m homes in 37 countries, plans *to introduce more live* programmes, more local programmes and more European bands in the music playlist.

In South America, MTV Latin America will be split in two with one channel targeted at Mexico, Central America and the Caribbean and the second at countries such as Argentina and Chile. The existing MTV Brasil will continue.

MTV Asia, a joint venture with PolyGram, launched a third service, MTV India, this year. MTV India plans to include five hours a day of programmes produced by MTV India's Bombay staff by the end of this year.

MTV India will expand its sales and marketing operations with *offices* opening in New Delhi, Bangalore and Calcutta this year.

"The whole idea is to be closer to the audience," said Mr Bill Roedy, president of MTV Networks, who is responsible for MTV's operations outside the US.

Mr Roedy *declined* to say exactly how much MTV, which is owned by Viacom, the US media group, was investing in the international expansion.

Mr Sumner Redstone, Viacom chairman, said the expansion was part of Viacom's strategy of using every form of distribution technology "to drive all of its brands and franchises and all of *its programming* and *software to* every territory, both local and regional, in the world".

In Europe, the emphasis will be on new locally produced programmes rather than new channels. MTV's fashion programme, The Pulse, will come from Italy and MTV's Party Zone, which features techno dance music and Head Banger's Ball, specialising *in heavy metal, will come from* Germany. Techo and heavy metal music are popular in Germany.

Mr Tom Freston, chairman of MTV Networks, said yesterday that MTV had always sought to connect its audience to the global youth culture.

"Now we're *fine-tuning* that balance between making that connection and being even more *relevant to local viewer tastes,"* he said.

Kobe Steel to become a power generator

By Emiko Terazono in Tokyo

Kobe Steel, the Japanese steel manufacturer, yesterday announced plans to enter the *power generation business.*

The decision comes ahead of the Japanese government's *deregulation of the power generation* industry. From next month, companies will be allowed to generate electricity, a business currently limited to the 10 electric power utilities.

Deregulation is intended to diversify electricity supply to help meet a rapid rise in demand. The government also wants to see lower electricity prices – *Japan's are among the* highest in the world – by curbing capital spending by the electricity utilities. Until now, they have paid little attention to cost efficiency, because of the monopolies they have held in their localities.

Kobe Steel is the first steel company to announce a move into generation – in western Japan. Some trading houses have also indicated their intention to do so.

Meanwhile, an *increasing* number of manufacturers with under-utilised capacity for burning fuel and for cooling are also studying the prospects. The industries concerned include steel, cement, chemicals, oil refining and gas.

Kobe Steel said it would use blast furnaces currently lying idle at its steel mill in Kobe. The company plans to have two 700,000 kW power plants supplying Kansai Electric Power with electricity by *2002. It hopes to* start constructing a coal-burning power station by the turn of the century.

The company is still recovering from damage inflicted by last year's earthquake, which devastated the Kobe area. The group's bill for earthquake damage totalled Y100bn ($943m).

To improve profitability, it has embarked on a rationalisation and cost-cutting exercise, hence the desire to utilise its land and *facilities to the full. Of its three* blast furnaces in Kobe, only one is in operation.

The company will halt and reorganise its ore processing operations alongside the move into power generation.

Proposals will be submitted to the local authorities next month.

Lucas to strengthen alliance with Sumitomo

By Tim Burt in London

Lucas Industries, the UK engineering group, yesterday *named Sumitomo of Japan as its* preferred partner in a move to become one of the world's 10 larg*est automotive component* manufacturers.

The company, which also reported a 38 per cent increase in first-half profits, said it wanted to expand its alliance in brakes with the Japanese industrial group rather than contemplate a big acquisition in Britain or continental Europe.

Mr George Simpson, chief executive, said a deeper alliance was necessary if Lucas was to take advantage of the consolidation among international component suppliers.

"Sumitomo does represent a *very good opportunity for Lucas* and we're going to have to work harder to extend that relation*ship,"* he said.

Although Mr Simpson is leaving Lucas this year to succeed Lord Weinstock as managing director of GEC of the UK, he made clear he did not want to go before improving Lucas's exposure to car markets in Asia and North America.

"To get into the top 10 world suppliers, Lucas will have to be *involved in a major move. Mergers* and strategic alliances might be a better way of getting there than takeovers," he said.

He also raised the prospect of further bolt-on acquisitions to *expand its presence in electronic* components and soak up excess capacity on the aerospace side. *Such deals were more likely to be* financed from borrowings and cash than by issuing paper.

Mr Simpson was speaking after Lucas reported interim pre-tax profits up from £44.5m to £61.6m ($94m), on increased sales of £1.47bn, compared with £1.35bn.

"*The results clearly demon*strate that the group's financial recovery continues despite weaker market demand than expected," he added.

Most industry analysts welcomed the improvement, achieved against a background of falling car production in both *Europe and the US. But they said* the better-than-expected operating performance had been over*shadowed by news of Mr Simp*son's departure to GEC.

Sir Brian Pearse, Lucas chairman, insisted there would a smooth transition and predicted Mr Simpson would not leave before the autumn. The company was considering candidates, and *it could be several months before* a successor was named, he said.

In London, Lucas shares closed up 7p at 199p.

Lex, Page 14; Results, Page 20


George Simpson: need to work harder to extend relationship

Barry Riley

The actuary who was saved by the bell

It was, remarked Malcolm Murray, president of the *Faculty of* Actuaries, a better boxing match than Tyson versus Bruno. You might think this was an unusual way to sum up a Monday evening sessional meeting of the Scottish actuaries. But the blows had rained in heavily upon Robert Clarkson as he launched his latest, and likely last, attempt to defend the actuarial profession against the *financial economists.*

Mr Clarkson, a former investment boss of Scottish Mutual and a visiting professor at London's City University, was presenting his lengthy and ambitious paper called *Financial Economics – An Investment Actuary's Viewpoint.* That viewpoint is hostile.

But the enemy is close. Next Monday the English Institute of Actuaries will discuss a rival paper entitled *How Actuaries Can Use Financial Economics.* The author, Andrew Smith, is not a qualified actuary, although he works for Bacon & Woodrow, the actuarial consultants.

Actuaries were once at the leading edge of mathematical science, and the profession prospered and expanded by applying it to business problems. But the explosive and quite separate development of financial economics in the past 30 years – mainly in the US – has led to an intergenerational crisis.

Mr Smith says, without much tact, that actuaries should move beyond compound interest and make efforts to catch up with advanced techniques. But there are fundamental differences of approach. Financial economists are obsessed with market prices and the volatility of those prices as the basis of theories of risk and return. But actuaries often ignore market price as volatile and untrustworthy and construct other, more stable, measures of long-term value (of pension funds, for instance).

Their challenge now is that they are being drawn into elaborate modelling of both assets and liabilities, which requires the kind of optimisation techniques developed by financial economists. New risks, such as those *related to the minimum funding* requirement soon to be introduced in the UK, have resulted in added complexity.

Unlike Bruno, Mr Clarkson went the full distance – but lost on points

Mr Clarkson made his name in actuarial *circles about* 20 years ago by devising a mathematical model for gilt-edged prices. Now he complains that financial economics has been developed by theoretical mathematicians who have no practical experience of investment. He rejects the idea that the volatility of return is an appropriate measure of risk, and wants a formula for downside risk only. He derides models that are based on concepts of equilibrium and on rational behaviour by market participants.

A new actuarial framework, he argues, should take into account the likelihood of different levels of non-rational behaviour, and *would incorporate* the possibility of chaotic behaviour by markets.

Nobody would accuse Mr Clarkson, a noted *mathematician,* of being stuck in the era of compound interest. But he worries that widely accepted models – such as the Black-Scholes for*mula for option pricing* – are unsound, perhaps because of unrealistic simplifying assumptions, and could prove dangerous if they produce misvaluations of assets. Market prices might flip from the artificial levels generated by the investment banks' value and risk models and would revert to truly economic levels.

However, when he set out to build his own option pricing model he had to concede that Black-Scholes appeared to give the right answer. Rather ungenerously, he claims that Black-Scholes gives the correct result for quite the wrong reasons.

Mr Clarkson concludes that the current methodologies of financial economics fall short of the high standards of prudent financial management required for the success of the British actuarial profession.

Mr Smith thinks this is rather blinkered. The techniques may not be perfect, but they are the best available. Early simplified models have often been improved. Financial economics, he says, is eminently applicable in the traditional fields of actuarial endeavour.

On Monday, Robert Clarkson received some support but the opposition was more vocal. His 140-page magnum opus was described as shallow, a waste of time and unfit to be reprinted in the profession's journal. Unlike Bruno, Mr Clarkson went the full distance – but lost on points.

Bayer pledges to raise profits by 10% this year

By Wolfgang Münchau in Leverkusen

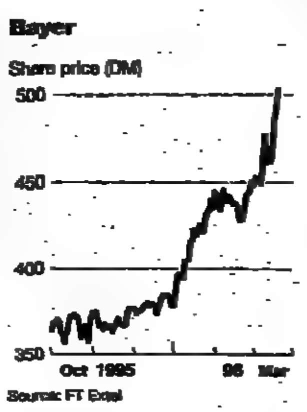
Bayer, the German chemicals and pharmaceuticals group, yesterday pledged to improve its record 1995 pre-tax profits by another 10 per cent this year, in one of the most upbeat statements recently made by a German company.

But Mr Manfred Schneider, chairman, warned that there might be more cost cutting and job losses, in spite of a 27 per cent increase in pre-tax earnings to DM4.19bn ($2.84bn) last year.

He said: "We realise that many people see this as a contradiction in view of our good overall performance. But we should not allow the undoubtedly pleasing earnings trend to obscure the fact that we are under pressure in Germany."

Speaking at the company's annual news conference, Mr Schneider said Bayer would need to improve productivity, which was below that of its competitors, and to reduce the ratio of personnel costs to sales.

"Let me say unequivocally that we value Germany as a location for chemical production. But if our German operations are to remain competitive we must stop costs from rising any further and actually start to reduce them again, otherwise no end to the downward adjustment is in sight."



Mr Schneider's warning was intended as a signal to IG Chemie, the chemical workers union, not to treat the strong results of Bayer and other German chemical companies as an excuse to press for higher wages in the current wage round.

He said that, while Bayer was among the most profitable of the German chemical companies, many smaller companies in the sector were suffering as a result of the economic downturn.

Mr Schneider refused to be drawn on the current rumours of mergers and demergers in the chemical and pharmaceutical industries.

He said that Bayer regarded innovative capability – rather than size – as the most important factor in the pharmaceutical business.

The most innovative companies in the industry were strong enough "to go their own way", he said.

Bayer's net profits moved ahead by 20 per cent in 1995, to DM2.42bn. The company announced last week that the dividend would be raised from DM13 to DM15 per share.

The 3 per cent rise in sales to DM44.6bn was made up of a 6 per cent increase in volumes and a 3 per cent in local prices, which were partly offset by a 6 per cent fall caused by currency factors which depressed sales by a total of DM2.79bn.

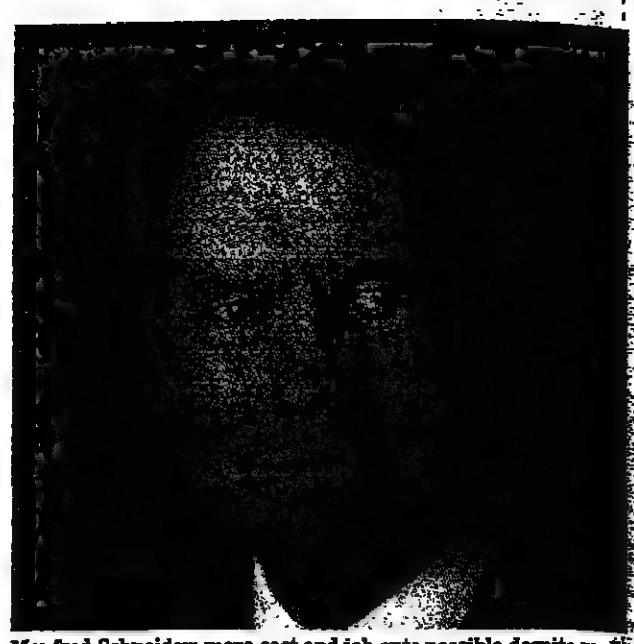
Bayer profited heavily from a 6 per cent sales increase in Europe, with a particularly strong performance in Germany, France, Benelux and Scandinavia.

North American sales were down 3 per cent, although they were 9 per cent higher in local currency terms.

Among the business activities, polymers achieved the strongest sales growth with 9 per cent, followed by industrial products and agricultural products with 6 per cent rises. The healthcare division reported a 1 per cent fall in sales, although operating results were up 10 per cent.

Mr Schneider said: "We have set ourselves what is clearly an ambitious goal, to raise group sales by 6 per cent and pre-tax income by 10 per cent compared with 1995."

During the first two months of this year, he said, Bayer was "significantly ahead" of target.



Manfred Schneider: more cost and job cuts possible despite profi

New settlement system for Dutch SE

By George Graham, Banking Correspondent

The Amsterdam Stock Exchange will next week introduce a settlement system in which delivery of securities takes place at the same time as the corresponding cash payment.

The new system reduces settlement risk by eliminating the possibility of handing over shares or bonds for which payment has not been made. But the system will also provide a secure settlement option for foreign equity dealers trading on the Amsterdam exchange as "remote" members.

The Amsterdam Stock Exchange has taken advantage of the European Union's investment services directive, implemented at the start of this year, by seeking to attract remote members, who can trade Dutch stocks on the central market without a physical presence in the Netherlands.

Delivery versus payment is becoming widespread as banks and brokers try to reduce the risks in settling transactions.

The transfer of shares from paper certificates to electronic registries has made it possible to ensure that transactions can be settled in real time, rather than being held up for days.

In the Amsterdam Stock Exchange system, known as Trade for Trade, dealers will deliver securities through the Netherlands Central Institute for Giral Securities Traffic, and cash payments will be made in guilders through the Dutch central bank. The existing netting system will continue to be offered.

The Crest system, to be introduced in London this summer, will allow delivery versus payment for the UK equity market.

ABM Amro to acquire Comerica arm

By Ronald van de Krol in Amsterdam

ABN Amro, the big Dutch bank, is to acquire Comerica Bank-Illinois for $190m in cash, further strengthening its position in and around Chicago.

The Dutch bank, which has carved out a second "home" market in the Chicago area through a series of acquisitions since 1979, will be buying Comerica from its parent, Detroit-based Comerica Inc, which operates banks in Michigan, California, Texas, Florida and Illinois.

ABN Amro said Comerica Bank-Illinois, with assets of $1.4bn, would be renamed LaSalle Bank Illinois and given stand-alone status within the group's existing subsidiary, LaSalle National Corp.

The latest acquisition will raise LaSalle's banking network in and around Chicago by 25 branches to more than 135 branches.

The deal will also increase ABN Amro's US workforce in the Chicago area by 670 to almost 6,750.

ABN Amro is frequently described as the largest foreign bank in the US, with total assets of $50bn and a workforce of 10,000.

"With this acquisition, we gain several new markets while growing both our retail and commercial banking operations," said Mr Scott Heitmann, vice-chairman of LaSalle National Corp.

The intended purchase, expected to be completed in the third quarter, follows ABN Amro's announcement in September that it would acquire Chicago Corp, a leading regional investment and brokerage firm with assets of $500m. That deal is expected to close later this year.

NEWS DIGEST

Georg Fischer wary despite 12% growth

Georg Fischer, the Swiss foundries and machine tools group, reported a 12 per cent rise in 1995 net income to SFr65m ($54.7m) on sales up 6 per cent to SFr2.3bn. All divisions contributed to the result, which would have been significantly higher but for the strengthening of the Swiss franc, especially in the second half.

The directors are recommending a 16.6 per cent rise in dividends. For the current year, they cautioned about the uncertain economic outlook in Germany – which accounts for one-third of Georg Fischer's sales – but nevertheless forecast "a good year". Orders on hand at the end of the year stood at SFr865m, 14 per cent higher than a year earlier.

Sales in the motor components division were up 17 per cent to SFr830m while those in the piping systems division advanced 4 per cent to SFr565m. The machine tools division raised its sales by 14 per cent to SFr445m while the plant engineering side suffered a 12 per cent fall in sales to SFr458m.

Ian Rodger, Zurich

Exports boost ABB Czech arm

The Czech operations of the international engineering group ABB reported a near-doubling of revenues and increased pre-tax profits last year after a sharp increase in exports and completion of existing orders. ABB Czech Republic, which employs more than 6,700 people, mainly in the eastern city of Brno, said revenues rose from Kc4.1bn in 1994 to more than Kc8bn ($294m), while profits rose from Kc317m to Kc495m. Orders advanced from Kc3.7bn to Kc10.2bn.

Mr Erik Fougner, ABB president and country manager for the Czech Republic, said exports in 1995 amounted to 24 per cent of orders and the company's target was to increase this to 40 per cent. The company mainly exports turbines and power equipment, principally to Germany, Slovakia and Poland, and is a leading supplier of equipment to the domestic power industry, which is being modernised.

ABB has spent Kc1.6bn on its Czech operations in the past two years, mainly on machinery and buildings. Mr Fougner indicated that much of the streamlining and modernisation of its operations had been completed. He said a prime goal was to increase revenues per employee, which have doubled in the past two years to Kc1.2m per worker. "The ABB group average is four times higher," Mr Fougner said.

Vincent Boland, Prague

UK brewer to merge Czech units

Bass, the UK brewer, is to merge its three brewing subsidiaries in the Czech Republic this year to streamline its operations in the country. The three, Pražske Pivovary (Prague Breweries), Ostravar and Vratislavice, will be brought under the control of a single management team.

The three breweries "are working closer together and [a merger] seems the right way to go", Mr Mervyn Childs, Bass country manager for the Czech Republic, said yesterday. Bass owns 46 per cent of Prague Breweries, the biggest of the three, 51 per cent of Ostravar and 78 per cent of Vratislavice. Shareholders will be asked to approve the merger at a meeting in June.

Bass bought into Prague Breweries, the third biggest Czech brewery, in 1993 and will take its stake to 51 per cent by the end of the year. It acquired the others, which are both regional breweries, last year. Prague Breweries yesterday reported a 10-fold increase in operating profit to Kc111.7m ($4.1m) for last year, against Kc10.4m in 1994. Sales increased to Kc1.4bn from Kc1.18bn. Mr Stanislav Procházka, chief executive, said Prague Breweries had about a 10 per cent share of the domestic market. Its biggest rivals, Radegast and Plzeňsky Prazdroj, which makes Pilsner Urquell, have about 18 per cent each.

Vincent Boland

Koninklijke Pakhoed ahead

Koninklijke Pakhoed, the Dutch shipping and tank storage group, yesterday reported higher profits and predicted a further advance this year in some sectors. Net profit advanced from Fl 92.7m in 1994 to Fl 121.5m ($73.7m) in 1995, on turnover ahead from Fl 1.87bn to Fl 2.07bn.

The group expects its chemicals-related businesses – storage, distribution and logistics – to surpass the high level of 1995 results. Pakhoed did not to give a specific forecast for 1996 overall results, but said a higher net result was anticipated from shipping in 1996, partly because of an advantageous change in the Dutch tax system.

"The declining trend in results from oil-storage in Rotterdam has continued in the initial months of 1996," Pakhoed said, adding the recovery in spot and futures markets were an important potential source of future profit improvement. Port and transport activities were expected to see a modest improvement in results during 1996, mainly as a result of a recovery by Furness. *Reuter, Rotterdam*

Lufthansa eyes Shanghai deal

Lufthansa Cargo is in talks with China Eastern, the Chinese airline, over a potential cargo co-operation agreement. Lufthansa Cargo said the airlines were considering a joint freighter service between Germany and Shanghai. Lufthansa already operates a joint weekly service with Air China to Shanghai using a Boeing 747 freighter. Lufthansa pointed out, however, that China Eastern was the leading carrier at Shanghai Airport. *Reuter, Frankfurt*

Fiat insurance arm in L580bn buy

Toro, Fiat's insurance arm, has bought the insurance company Nuova Tirrenia, for about L580bn ($371m). Nuova Tirrenia had been controlled by the Italian Treasury through its Consap unit. The two companies are expected to conclude the deal today. *Reuter, Milan*

Norway sells UBN holding

The Norwegian government has sold its 10m primary capital certificates in Union Bank of Norway, the country's largest savings bank, at a price of NKr176 each. The PCCs represented 40 per cent of UBN's share capital. About 45 per cent of the offer, which was between two and three times oversubscribed, was placed with Norwegian investors. The remainder was sold to international institutional investors.

Antonia Sharpe, London

Michelin lifts income sharply despite cost increases

By Andrew Jack in Paris

Michelin, the world's largest tyre manufacturer, more than doubled net income to FFr2.8bn ($553m) last year, from FFr1.3bn in 1994. The rise came in spite of cost increases and a slowdown in several of its important markets.

The group reported exceptional gains of FFr72m last year, against charges of FFr541m in 1994.

Turnover declined almost 2 per cent, although the group said it had increased volumes by 0.6 per cent and that sales were up 6.2 per cent on a comparable basis and with constant exchange rates. Trading profit rose 20 per cent to FFr5.7bn.

The group said tyre markets grew rapidly in the first half of 1995, when it had difficulty meeting demand. However, it added that the market slackened later in the year, particularly in North America.

Michelin predicted "modest growth" in the tyres market over the next two years in Europe, and notably in North America, which it said should help it to reduce costs and debt, and increase profitability.

It said it had increased average sales prices by 5.6 per cent during the year, which reflected a sharp rise in raw materials prices. It also stressed the success of its higher performance tyres, including the new "energy" range of tyres which it claims help reduce fuel consumption significantly.

The group cut total debt by FFr2.1bn in the year, which helped reduce financing charges by 5 per cent to FFr1.7bn.

Michelin men: François (right) and Edouard Michelin were retained as managing partners after an internal reorganisation

It said it was proposing a FFr2.75 a share dividend for its B shares and FFr2.85 for A shares.

For the first time, the group is offering investors the chance to take their dividend in shares rather than in cash.

During the year, the group made a $380m one-off payment to cover under-funded pension liabilities in its North American operations.

Michelin recorded net investment of FFr3.1bn in 1995, which included FFr557m to acquire 52 per cent control of Stomil Olsztyn, the Polish tyre manufacturer which will be consolidated from this year.

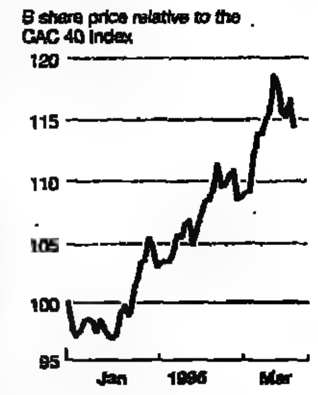
It added that it planned to spend about FFr4bn in 1996, reflecting developments such as its highly-flexible, automated manufacturing facilities.

It said its total workforce fell from 117,000 in 1994 to 114,000 last year, and that the downward trend was likely to continue.

Earlier this year, Michelin announced an important internal reorganisation, which retained Mr Edouard Michelin, Mr François Michelin and Mr René Zingraff as managing partners, restructured its divisions and created a nine-member "executive council".

Michelin

B share price relative to the CAC 40 Index



Source: FT Extel

Improved overseas performance helps Canal Plus

By Andrew Jack

Canal Plus, the French pay television operator which recently signed a deal to develop a satellite service in Germany with Mr Rupert Murdoch, Bertelsmann and Havas, yesterday reported 1995 net income up 6.4 per cent to FFr666m ($131.9m).

It said "significantly improved" results from its foreign pay-TV channels offset the costs of developing new services, including Canal Plus Poland, Vox's expansion outside of France and MDO in Monte Carlo. Canal Plus did not disclose the losses of associated companies, but said the level was similar to that of 1994.

Consolidated revenues were ahead 6.2 per cent to FFr10.2bn. These exclude revenues from its foreign pay-TV channels, such as Spain's, which are accounted for using the equity method. The group said its total European subscriber base now stood at nearly 7m.

The group predicted a 6 per cent increase in revenues during 1996, driven largely by the growth in subscribers for Canal Plus and for Canalsatellite, which is developing digital television.

It said foreign channels should more than halve their aggregate losses, and Le Studio Canal Plus show "significantly" improved results during the year, giving it net income comparable to 1995's figures.

Overall group operating income rose 2.1 per cent to FFr1.47bn, while there were "large" operating losses from its Le Studio Canal Plus activities stemming from co-productions in the US. Income from continuing operations rose 5.4 per cent.

Canal Plus said the growth in operating income, which it partly attributed to the containment of operating expenses, came in spite of the costs of replacing old-style decoders, which were vulnerable to piracy.

After a capital gain of FFr157m, generated by the sale of shares in some of its thematic channels, the company recorded net exceptional charges of FFr86m, against FFr94m last time, for restructuring provisions.

Consolidated cash flow was FFr2.7bn, which it said "amply covered" FFr2.5bn consolidated capital expenditure during the year. The board plans to recommend a dividend of FFr20 a share, up by one-third. Shareholders will have the option of taking the payment in shares.

NEWS DIGEST

Petro-Canada opens up to foreigners

Foreign investors will be able to raise their combined stake in Petro-Canada from a maximum of 25 per cent to 50 per cent, under a capital restructuring proposed by the Calgary-based oil and gas producer and distributor.

The Canadian government, which set up Petro-Canada in the mid-1970s as a wholly-owned Crown corporation, has gradually reduced its stake in recent years to the current 20 per cent. However, the law which cleared the way for privatisation limits foreign participation to a 25 per cent voting interest.

The company plans to circumvent this provision by creating a new class of variable voting common shares to be issued to all non-resident shareholders. Each of the new shares will have one vote until non-resident ownership exceeds 25 per cent. Beyond that level, votes attached to each share will be pro-rated, so that the total voting interest remains at 25 per cent. The dilution of voting rights is limited to one third of a vote per share.

Ottawa's attitude towards foreign ownership of privatised companies has mellowed in recent years. Canadian National Railway was spun off last December with no limit on foreign shareholdings. *Bernard Simon, Toronto*

Holderbank in Venezuela move

Holderbank, the Swiss construction materials company, has bought a 50 per cent share in Venezuela's Consolidada de Cementos. Holderbank's subsidiary in Venezuela, Cementos Caribe, acquired the share package, worth 30.2bn bolivars ($68.4m at the official exchange rate), on the Caracas stock exchange.

The purchase gives Holderbank 100 per cent control of Consolidada de Cementos, the second-largest cement producer in Venezuela. It acquired a 50 per cent share in March 1995. *Raymond Colitt, Caracas*

KLM 'considering alliance'

KLM Royal Dutch Airlines is "seriously considering" an alliance with AMR Corp unit American Airlines and Iberia, the Spanish carrier, according to reports in NRC Handelsblad, a Dutch newspaper, citing reliable sources.

The report said negotiations begun last autumn on a partnership between KLM, British Airways and American Airlines were showing signs of reaching stalemate, while talks with American Airlines were proceeding smoothly. The sources said that if the situation did not change, KLM wanted to substitute Iberia for BA in forming a worldwide alliance. *AFX News, Amsterdam*

Internet co-ordinator for Apple

Apple Computer is to appoint Mr Larry Tesler, its chief scientist, to co-ordinate all of Apple's development of Internet-specific products and its overall Internet strategy.

The announcement will be one of chief executive Mr Gil Amelio's first key internal executive appointments. Since Mr Amelio took over as chairman and chief executive of Apple last month, he has hired a chief administrative officer and a chief financial officer, both from outside Apple.

Mr Tesler said he would be co-ordinating development of products such as CyberDog, Apple's suite of Internet client software products, forming business alliances with other companies, and making sure that all product divisions at Apple are developing products that embrace the Internet. *Reuter, Arizona*

Job losses at Cirrus Logic

Cirrus Logic, the US computer chip maker, is to cut its staff by 3,500, or 13 per cent, as part of a restructuring aimed at sharpening its focus on key new products. The company reiterated its previous warning that it would report lower revenues and a "substantial operating loss" in the fourth quarter ended March 30 1996.

It also confirmed plans to expand a manufacturing joint venture with International Business Machines in upstate New York, known as MiCRUS, and its joint venture with Lucent Technologies, the equipment and manufacturing division being spun off by AT&T next month.

Cirrus Logic stock was down 87½ cents at $18¾ on the Nasdaq market in afternoon trading. *Reuter, California*

UAL shares boosted by upbeat forecast

By Richard Tomkins in New York

Shares in UAL, the holding company for United Airlines, the biggest US carrier, jumped $8¼ to $212½ in early trading yesterday after the company predicted that earnings would exceed analysts' best estimates of $2.05 a share for the first quarter to March.

Separately, it emerged that UAL had swapped lawsuits with BAE Automated Systems, the UK-owned maker of the baggage handling system at Denver International Airport. Problems with the system twice delayed the airport's opening last year.

UAL's profits prediction put likely earnings far in excess of analysts' mean estimates. The average of forecasts reported to First Call, a stock market research service, was $1.58.

The first quarter is usually a weak one for US airlines. A year earlier, UAL made net profits of just $3m and reported a loss of $1.05 a share after the payment of preferred dividends. That was the first time since 1989 that the company had reported a first-quarter net profit.

UAL said costs would be slightly higher in the latest quarter because of higher fuel prices and the costs associated with earning improved revenues. But profits would be up because passenger traffic and yields – in effect, the average fare achieved – were stronger than expected.

The forecast was interpreted as an indication that the recent recovery in the US airline industry had further to go. It gave a lift to other US airline stocks: AMR, parent of American Airlines, the second-biggest US carrier, was up $1½ at $92¼.

Meanwhile United Airlines, which is the main user of the newly-opened Denver International Airport, confirmed it had filed a lawsuit seeking to take over the baggage handling system from the Dallas-based BAE, part of the UK's BTR conglomerate. It said the system needed more work to make it function properly.

In turn, BAE is understood to have filed a lawsuit claiming $137.5m in damages from United Airlines. The sum includes an unpaid final payment of $17.5m and compensation for work that BAE claims to have done at United's insistence although it was outside the terms of the contract.

Malfunctions in the baggage handling system caused the new Denver International Airport to open a year-and-a-half later than intended.

Goldman Sachs ahead sharply in first quarter

By Maggie Urry in New York

Goldman Sachs, the US investment bank that remains a private partnership, recorded a further strong increase in profits in the first quarter to end-February.

Pre-tax profits were $565m, up from $437m in the fourth quarter last year, and well ahead of the $160m earned in the first quarter last time, a period when investment banks were still suffering from the dismal markets of 1994.

Although figures mark the fifth consecutive quarterly increase in profit, the recovery has still not returned Goldman to peak earnings made in 1993.

Goldman's results are likely to be underscored by figures today from Lehman Brothers and next week from Morgan Stanley, which, like Goldman, end their financial years in November. Other Wall Street firms will report in April on quarters ending this month.

The rising stock market and the high level of mergers and acquisition activity and of underwritings will have helped buoy investment banks' profits in the early part of this year. However, the falling US bond market will have dampened profits from fixed-income sales and trading, and may point to a worse trading environment as 1996 progresses.

Goldman is understood to have fared better than many when the bond market fell sharply on March 8, following a surge in employment figures.

In the quarter, Goldman's revenues net of interest were $1.46bn, against $906m last time, with expenses rising 20 per cent from $746m to $899m.

Earlier this year Goldman's 174 partners decided against taking the firm public and seeking fresh outside capital.

The strength of profits in recent quarters and a more controlled attitude to risk-taking by the firm, appeared to encourage partners' conviction that Goldman would continue to prosper with its existing capital structure.

Lex, Page 14

Profits slide at big Brazilian steel group

By Jonathan Wheatley in São Paulo

Companhia Siderúrgica Nacional, Brazil's biggest steel mill, saw profits fall sharply in 1995, although analysts welcomed the result as positive and within expectations.

Net profit was R$107.3m (US$110.7m), down from R$159.7m, with earnings per 1,000 shares down from R$2.08 to R$1.38. Turnover fell from R$2.77bn to R$2.56bn.

CSN said the fall in profits resulted from two main factors. One was an agreement reached with employees to end a series of benefits, including the payment of a "14th" monthly salary in addition to the extra month's pay received by most Brazilians at the end of each year. One-off payments under this agreement cost the company about R$30m.

Profits also suffered from a fall in financial earnings after July 1994 following the introduction of the government's economic reform plan and the subsequent drop in inflation.

Mr Paulo Renato Marques, of CSN's market relations department, said results were also affected by a general slowdown in the economy in the second half of the year.

"Growth in the first half of 1995 was equivalent to an annual rate of 10 per cent," he said. "In the second half, the government slowed the rate of growth and there was a big reduction in demand across the economy."

Mr Marques said CSN spent about R$200m during 1995, part of investments of R$1.1bn from 1994-98 on improvements in quality and productivity.

Output per worker was 326 tonnes in 1995, up from 314 tonnes in 1994. This is lower than many Brazilian steel mills, but Mr Marques said direct comparisons are not realistic because CSN operates its own iron ore mines and produces a large proportion of value-added products, such as tin plate.

He predicted better results in 1996 as productivity increases further. CSN also expects to record a one-off gain of R$110m this year following a downward revaluation of its fixed assets, resulting in lower depreciation costs.

Mr Luciano Snel, an industry analyst at Rio de Janeiro investment bank Icatú, said CSN's results were "very good, within the range expected by the market.

"At the end of last year a lot of analysts thought the steel industry had been hit harder by the economic slowdown than in fact it had. Many companies, including CSN, have reported profits that are at least as good as expected."

Corning decides it's not business as usual

The US group's new chairman is looking at every option to get it back to growth

Corning, the US manufacturer whose products range from optical fibre to Pyrex cookware, has a problem. Despite a talent for innovation and a commanding position in several of its markets, its shares have performed badly for years. From a peak at the end of 1991, they have halved relative to the market.

Mr Roger Ackerman, Corning's new chairman and chief executive, prefers to look at it another way. The shares, he says, are selling on about 17-18 times earnings. This is the same multiple as five years ago, and above the market average. The real problem is lack of earnings.

He attributes this to two factors. Until recently, one of Corning's best businesses was a joint venture, Dow Corning, contributing about 20 per cent of net profits.

In the past, Dow Corning made silicon breast implants. Last year, faced with crippling damages as a result, it took refuge in Chapter 11 bankruptcy.

If that was due partly to bad luck, the other blow to earnings comes down to management failure. In branching out from its original business as a glass manufacturer, Corning spent years building up one of the biggest chains of blood testing laboratories in the US.

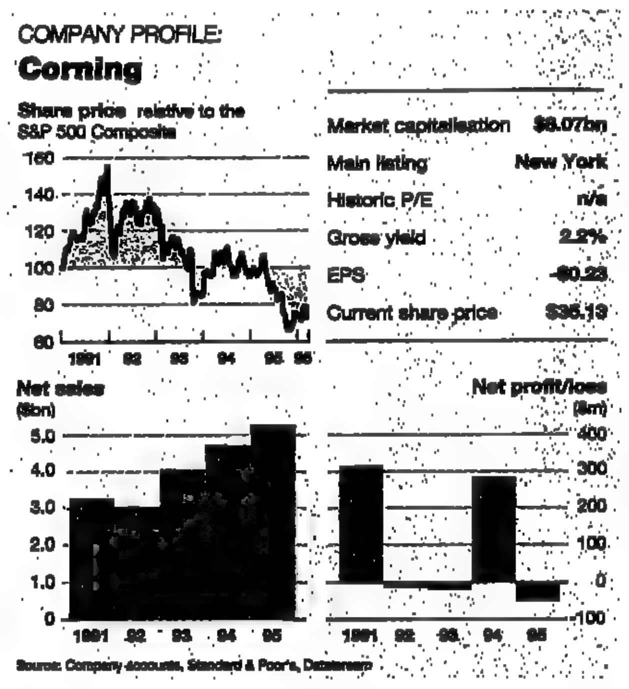
In the prevailing squeeze on US healthcare costs, that business has proved acutely vulnerable. Between 1993 and 1995, acquisitions pushed sales up 55 per cent to just over $2bn. Profits, before restructuring costs, fell by a third.

With group profits going nowhere, someone had to pay the price. Last month, Mr Jamie Houghton, chairman and chief executive and great grandson of the founder, announced he was taking early retirement. With Mr Ackerman's accession, control is passing from the founding family after 145 years.

Mr Ackerman – a long-term Corning employee – made his first move last week. The group's four divisions are to be merged into two: a communications division, consisting of optical fibres and associated high-tech manufacturing, and the rest.

COMPANY PROFILE:

Corning



Source: Company accounts, Standard & Poor's, Datastream

The second division, known formally as Corning Technologies, is a rag-bag contributing more than two-thirds of group sales and only 40 per cent of profits. Besides the struggling laboratory business, it contains the cookware and dinnerware division, which made only $10m profit last year on $674m of sales. It takes in a fairly healthy business making ceramic honeycombs for catalytic converters in cars.

The bulk of this second division is actually or potentially for sale. There have been rumours that the laboratory business will go to one of its biggest rivals, SmithKline Beecham (neither group will comment). The cookware and dinnerware business could be next.

Laboratory testing, Mr Ackerman says, is no longer a growth business. "And we're a growth company, so we've got to do something dramatically different. We've had investment bankers in for the past two months, and we're very actively pursuing every imaginable alternative, other than business as usual."

A decision will have to be made, he says, by the end of the second quarter. With the cookware business, there is slightly less hurry.

"That business isn't non-material, but it's less so than it was 10 years ago. We've invested untold millions in restructuring it, and we've eliminated 30 per cent of the overhead. It should be capable of $50m more in pre-tax profit in the next two years. If I don't see that $50m upside clearly by the mid-year, I'll sell it. There are willing buyers out there."

If both sales were to go through, the effect on Corning would be radical. Between them, these divisions account for just over half group revenues. How would the new, slimmer Corning fare?

To begin with, it would be free of debt. Net debt now stands at $1.3bn, and the laboratory business alone could fetch up to $1bn. And, Mr Ackerman claims, the business excluding laboratory testing and cookware is "an incredible growth machine", which increased its net earnings from $140m in 1993 to $310m last year.

Would the new Corning be open to a hostile bid? Probably not.

About 20 per cent of the equity is held by the Houghton family and friends, and the possibility of further liability for breast implants is a poison pill. But it has been a rough five years for Corning. It is an open question whether the company will ever be the same again.

Tony Jackson

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Tuesday on 20.03.96: Pool purchase price £/MWh	Final Prices for Tuesday on 21.02.96: Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.20	9.12	9.12
0100	8.03	13.16	14.02
0130	19.51	22.18	23.04
0200	19.51	22.18	23.04
0230	19.81	16.79	17.66
0300	14.85	22.18	23.04
0330	14.85	22.18	23.04
0400	9.20	16.78	17.64
0430	9.18	13.16	14.02
0500	9.18	13.16	14.02
0530	9.19	13.27	14.13
0600	9.18	13.27	14.13
0630	9.20	12.99	13.86
0700	9.19	16.02	17.06
0730	14.07	16.02	17.12
0800	14.22	17.92	19.43
0830	14.47	23.94	26.52
0900	16.48	30.65	34.51
0930	19.77	46.53	61.12
1000	19.87	47.18	51.83
1030	19.84	46.87	50.34
1100	19.70	34.75	39.22
1130	19.86	34.75	39.21
1200	24.76	35.60	40.29
1230	24.60	31.63	35.76
1300	24.13	28.07	31.39
1330	14.62	22.35	24.41
1400	14.42	18.64	20.23
1430	14.34	17.81	19.10
1500	14.31	17.58	19.01
1530	14.33	17.66	19.41
1600	14.56	18.92	20.73
1630	16.06	24.55	27.42
1700	15.77	38.82	44.28
1730	24.66	55.55	63.68
1800	24.39	68.08	78.34
1830	19.80	65.73	75.39
1900	40.02	54.36	62.04
1930	42.27	38.17	43.09
2000	49.08	26.99	29.98
2030	26.47	20.22	21.92
2100	14.80	16.45	17.67
2130	14.71	15.26	16.23
2200	14.02	13.32	14.19
2230	9.18	13.27	14.13
2300	9.20	13.16	14.02
2330	9.19	9.14	9.14
2400	8.19	9.04	9.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 9.30am and 5.15pm Monday to Friday.

NEWS DIGEST

Genbel to unbundle R6bn portfolio

Genbel, the South African investment trust, yesterday announced it would unbundle its R6bn ($1.5bn) portfolio as part of its conversion to a fully-fledged investment bank. The new bank, Genbel Securities, will be listed in June. It will take over the operations of Unisen, Genbel's former investment banking arm, and have an asset base of R1.1bn in tradeable securities. Genbel Securities will continue to manage the portfolio of Genbel South Africa.

The group is offering a variety of options to its 13,000 shareholders, including about 3,500 in the UK. These include retaining an investment in Genbel; receiving shares in the new company; receiving an allocation of Genbel's unbundled shares; or accepting a cash offer from another institution.

The move is an attempt to unlock the hidden value of Genbel, whose share price has traded at a discount of more than 15 per cent against net asset value since it was unbundled from Gencor in November 1993. The discount narrowed to 4 per cent in December, when the group announced it was seeking approval for the conversion from its four principal shareholders, who currently hold more than 60 per cent of Genbel's stock. These are Sankorp, the investments arm of Sanlam, the South African insurer; Old Mutual; Metal Industries Group Pension Funds; and Engineering Industries Pension funds.

Mark Ashurst, Johannesburg

Japanese retailer lifts forecasts

Mitsukoshi, one of Japan's most prestigious department store chains, says it will revise upwards its earning projections, as a result of a recovery in consumer confidence and an improvement in its accounts.

The retailer revised its earlier estimate for unconsolidated recurring profit – before extraordinary items and tax – for the year to February from Y3.8bn to Y5.5bn ($51.9m), up 48.6 per cent from a year earlier. The results will be announced next month. The upward revision reflects a 1.2 per cent rise in over-the-counter sales during the September-February half, attributable to strong demand for imported products.

The company also changed its net profit forecast to Y2bn – a 90.5 per cent rise on last year – from Y1.5bn. Annual sales were revised from Y748.5bn to Y756.5bn, but still represented a 1.5 per cent decline against a year earlier.

Emiko Terazono, Tokyo

Financing first for Indian drivers

Maruti Udyog, which accounts for 73 per cent of India's growing automotive market, yesterday linked with Countrywide Consumer Financial Services – a joint venture between Housing Development Finance Corporation (HDFC) and GE Capital – to form the country's first tied auto finance company.

Maruti will initially own 10 per cent of the Rs300m ($8.6m) equity of Maruti Countrywide Auto Financial Services, with an option to increase its stake to 26 per cent. GE Capital, a subsidiary of the General Electric Company of the US, has the world's largest independent auto financing business, and has developed tied programmes with Isuzu and Volvo in the US. HDFC is India's most successful housing finance institution, with 28 branches across 2,300 Indian towns and cities.

The new company hopes to benefit from the boom in India's car finance business, which grew by 60 per cent to Rs8bn in 1993-94, and is expected to grow to Rs30bn in the current financial year.

Shiraz Sidhva, New Delhi

Tokyo SE to simplify listing

The Tokyo Stock Exchange is to simplify listing procedures and reduce fees. Mr Mitsuhide Yamaguchi, chairman, said the exchange had decided to abolish 24 of the 95 documents previously required as part of the application process. It would also reduce the filing time for some of them and cut listing fees.

However, he said banks looking to be listed would have to provide more detailed disclosure of their bad debts, including restructured loans. "We have decided to accept applications from banks for listing on the TSE, as long as they disclose information on these bad loans," he said.

AFX News, Tokyo

Namibia Breweries to float

Namibia Breweries plans to go public, in the biggest listing of a Namibian company on the Windhoek stock market. The 75-year-old brewery, which produces beer in the African desert according to the strict German *Reinheitsgebot* purity rules, said it would list on the Namibian Stock Exchange on May 2. It will make three preferential offers and one public offer to raise some R150m. The listing follows a decision by the 91 per cent shareholder, Ohlthaver & List Finance Trading Corp, to release part of its investment.

Reuter, Johannesburg

Cathay Pacific catering buy

Cathay Pacific Airways, the Hong Kong carrier, has bought the 25 per cent of Cathay Pacific Catering Services (HK) it did not hold. The vendor is Hong Kong and Shanghai Hotels.

AFX News, Hong Kong

St George in A$790m merger with Metway

By Nikki Tait in Sydney

The shake-out in Australia's banking industry continued yesterday, with St George Bank, the Sydney-based regional bank which has itself been widely tipped as a takeover target, announcing an agreed A$790m (US$611.3m) cash bid for Queensland's Metway Bank.

If the deal goes ahead, it will create the country's fifth largest banking group, with assets of about A$24.4bn. The merged group would have a A$20bn loan book and about A$15.1bn of retail deposits.

It would also be the fourth large merger in the banking sector in the past nine months. The flurry of takeovers began when Advance Bank made a A$730m offer for Adelaide-based BankSA in June. This was followed by a A$689m bid for Perth's Challenge Bank from Westpac, and a A$687m offer by Bank of Scotland for BankWest. St George made unsuccessful bids for both BankSA and Challenge.

However, some analysts immediately questioned whether the latest deal would proceed smoothly. National Australia Bank, the country's biggest banking group, recently acquired a 6.1 per cent stake in St George. It said that the investment was "a prudent step to ensure that NAB preserves its strategic objectives".

NAB – which owns the Clydesdale, Yorkshire and Northern banks in the UK, and Michigan National in the US – has said it did not plan a bid for St George in the short term, but described St George's customer base as "attractive" and "in an important market".

Yesterday, NAB said that its stance had not changed.

Meanwhile, shares in St George – which had been buoyed by the NAB takeover speculation – fell sharply on news of the deal. They closed at A$9.10, down 32 cents after touching A$8.60 at one stage. St George admitted yesterday that the A$4.62-a-share price it was offering for Metway was 12.9 times the latter's historic earnings – which, it said, was probably the highest multiple paid in any of the banking sector deals to date.

St George also said there would not be big branch rationalisation as a result of the deal, given the lack of existing overlaps, although it maintained there would be scope for some cost-savings elsewhere.

A third factor contributing to the share price fall was St George's plan to fund the deal through two separate rights issues.

The first will be a A$360m of converting preference shares, which has been underwritten and will go ahead regardless of the outcome of the Metway bid.

The second would be a A$260m ordinary share issue, which would only proceed after the Metway merger is concluded.

Japan's second-tier brokers remain in red

By Emiko Terazono in Tokyo

Japan's "second-tier" brokers, the medium-sized securities houses, have been forced to revise downward their earnings forecasts for the year ending this month in view of the slow return to the Tokyo stock market by retail investors.

Seven of the eight second-tier houses, which had initially been expecting to break even, announced they would remain in the red, in spite of a recovery in trading volumes on the Tokyo Stock Exchange.

Stock market activity during the past year has been led by overseas investors and domestic institutions, dealing through the Big Four brokers – Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities.

The medium-sized brokers rely on stockbroking commissions from individual investors, who have yet to come back to the stock markets. The recent parliamentary impasse over the country's budget bill, which contains a rescue package to liquidate the country's housing loan companies, has also depressed trading volumes, hitting the brokers' earnings.

Sanyo Securities expects the largest deficit among the group of eight, estimating a recurring loss – before extraordinary items and tax – of Y19.1bn ($180.2m). The company will provide assistance to its finance affiliates, which will write off Y2.8bn in bad loans. On a consolidated basis, the group's net loss will rise to Y17.8bn from an initial estimate of Y9.3bn.

Yamatane Securities forecasts a loss of Y4.5bn, and Tokyo Securities sees a deficit of Y4.3bn. Wako Securities is the exception, looking forward to a recurring profit of Y500m in a turnround from the previous year's Y23.4bn loss. Industry analysts expect the companies to forgo dividend payments for the year.

Meanwhile, the Tokyo Stock Exchange announced yesterday it expected to post a surplus of Y3.5bn in its business results for the year to the end of this month, double that of the previous year. The exchange said that for the 1996-97 year, revenue is forecast to drop 9.4 per cent. It blamed lower income because of reduced turnover in government bond futures and convertible bonds. Income from fixed-rate membership fees is expected to drop 11.2 per cent to Y13.8bn.

The Osaka Securities Exchange said it would incur a deficit of Y1.5bn in the year to March, although it said the figure was smaller than the previous year's Y3.5bn loss. The OSE's revenue fell 12.3 per cent to Y11.8bn because of the stock market slump in the first half, while expenditures dropped by 21.6 per cent to Y13.3bn.

Putting more chickens on China's tables

From its core agribusiness to telecoms and motorcycles, CP Pokphand's diversity is working, writes **Louise Lucas**

Mr Tony Asvaintra surveys the methodical chaos that is the reclamation of Hong Kong's waterfront from his window and shakes his head over suggestions that it is an eyesore. "That's not a mess, that's money," he says. "It is sand, getting that Hong Kong Midas touch, and being turned into billions of dollars."

Mr Asvaintra, executive vice-president of Hong Kong-listed CP Pokphand, is well acquainted with this sort of alchemy. His company has grown into one of the biggest foreign investors in China, selling day-old chicks and feed to the mainland's farmers, who in turn are able to turn them around (in seven weeks) into plump eating birds with a fat profit margin.

Having pumped some US$2bn into China, CP Pokphand, which is majority-owned by the Chearavanont family of Thailand, pays the price with gearing of an estimated 120 to 130 per cent (taking listed assets at book value; using fair market value could almost halve the figure, analysts say).

However, the market consensus is that its earnings outlook is bright. Next month, the group is forecast to report 1995 full-year profits well ahead of the net US$70.3m booked in calendar 1994.

The company's entry into China was logical – "we're Chinese" – and early. It claims to have been the first in, setting up shop in the special economic zone of Shenzhen in 1979 and duly securing business registration certificate number 0001.

Today, CP Pokphand employs 15,000 people there. It boasts a market capitalisation of some HK$8.08bn (US$1.05bn) and a sprawling empire spanning China, Thailand, Indonesia, Turkey and Hong Kong. The group lays claim to an even more diverse portfolio of activities: bolted on to the core agribusiness is a similar shrimp and shrimpfeed operation in Indonesia and Thailand; beyond that are motorcycles, beer brewing, telecommunications, retail and petrochemicals.

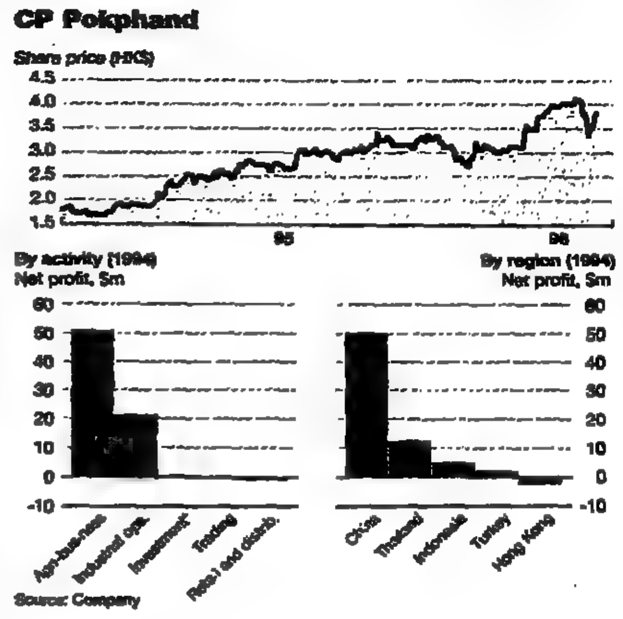
The company's roots are in Thailand, specifically with ethnic Chinese businessmen. But this is no family dynasty of the sort that is common in south-east Asia: phenomenally successful in their own country, but luckless abroad. Instead, the company regards it as a mark of honour that it eschews family names for skills.

It is this policy which marks it out as a truly international company, and one which enjoys thriving business partnerships with the likes of Honda of Japan, Nynex of the US and Heineken of the Netherlands.

Institutional investors, wary at first of its complex structure and expensive asset injections, have historically given the stock a wide berth. But there are signs that it may be becoming more popular.

Says one analyst: "In a nutshell, we think it's one of the very few Hong Kong-listed companies that has a very good China exposure. Agribusiness is a good concept, and it has superior management as well as a proven record in the rest of the region."

CP Pokphand



A good concept refers to the company's play on rising living standards in China. Raising chickens for the table – or rather, giving local farmers the wherewithal to do so – in a country where the average person now eats just two chickens a year is a business with big potential.

Mr Asvaintra, observing that the consumption of chicken correlates perfectly with GDP growth, and pointing to the average Thai's nine-a-year diet, notes: "If you multiply the difference [between nine and two] by 1.2bn people it's going to be a huge venture."

The business has other advantages. With 80 joint ventures, or one in every province except Tibet, distribution headaches are eased – mostly, farmers themselves roll up to collect the tiny chicks and sacks of feed.

But no business is immune to outside forces, and CP Pokphand has taken a hit recently from increased prices in corn and soya beans, the main ingredients of chickenfeed. Ms Silvia Kwan, analyst with Nomura Research Institute Hong Kong, says this may squeeze margins in 1995 and 1996; on her calculations, the mature joint ventures now yield profit margins of around 10 per cent.

Like the chicks – in Mr Asvaintra's words, "profitable from day one" – motorcycles have proved a roaring business for the group. Its 70 per cent-owned Ek Chor China Motorcycle (one of the first mainland companies to list on Wall Street, in June 1993) will, by the end of this year, be turning out 800,000 motorcycles. By the end of next year, output will be 1.1m. All the machines will be sold domestically.

This puts it firmly in the race to pip China's leading manufacturer, former arms maker Jialing Industrial Group, which in 1994 produced 900,000 motorcycles.

Technology for the bikes came from Honda of Japan, and the division has a healthy net cash position, which stood at US$48m at the end of 1994.

Similarly, in telecoms CP Pokphand teamed up with Nynex as part of TelecomAsia, the consortium which won the licence to build and operate some 2.6m fixed telecom lines in Bangkok. Success in the telecoms field has encouraged the partnership to explore new avenues, initially in a mobile telecoms partnership in the Philippines.

The retail sector has not been so kind to CP Pokphand, providing its chief failure: the much-touted venture with Wal-Mart of the US, which fell apart in January. However, CP Pokphand inherits the three 2,000 sq m stores in Hong Kong once the joint venture is unwound.

For investors, this is not crucial. The main attraction is China, which in 1994 accounted for nearly three-quarters of the group's profits.

Mr Charles Wong, China analyst at James Capel in Hong Kong, says the company is poised to take off as a lot of new China joint ventures start making their maiden contributions, so accelerating earnings growth.

On a 1995 price/earnings ratio of 16 times, CP Pokphand is slightly expensive compared with the Hong Kong market's average 13 times. But, as one analyst says: "The market is very short of credible China plays and this is one of the very biggest: there are very few corporations in the world with so much of a China play."

Tadiran seeks foreign partner for military arm

By Mark Dennis in Jerusalem

Tadiran, Israel's leading electronics company, yesterday announced record annual sales, and launched a search for a foreign strategic partner for its military communications division.

It also announced that an $80m international public offering for its telecommunications subsidiary, Tadiran Telecommunications, would be priced on March 28. The company, which is currently undertaking a roadshow in the US, will sell 20 per cent of its shares at $15 to $17 each and be floated at a market value of $400m.

Tadiran, which is controlled by the Koor Industries conglomerate, has operations in civil and military telecommunications, electronic systems, electrical appliances and batteries, and computer software.

Management hailed the positive results as justification for last year's reorganisation, which created Tadiran Telecommunications, closed unprofitable divisions, streamlined its R&D and brought its military operations into one unit.

Tadiran's shares rose 3.25 per cent on the Tel Aviv Stock Exchange yesterday, from Shk11.41 to Shk11.79.

Tadiran's total sales last year exceeded $1bn for the first time, at $1.048bn, a 21.5 per cent increase over 1994's $862.9m. However, net income for the year declined from $39m to $27.6m, which management said reflected the $18m cost of restructuring in the first quarter.

Mr Benjamin Gaon, Tadiran's chairman, said several leading US and European companies had already expressed interest in buying an equity stake in its military division.

"Our strategy was to have the military under one company and then look to bring in a strategic partner. We have started searching," said Mr Gaon, who noted that the process "still has a long way to go".

The military division is primarily involved in ground-to-ground communications and already has a joint venture with General Dynamics of the US.

Australian engineering division to be sold despite performing well

Rexam blames fall on higher input costs

By Patrick Harverson

Rexam, the printing, packaging and coatings group, reported a sharp drop in annual profits yesterday and warned that conditions in its main markets would remain difficult until at least the second half of this year.

Pre-tax profits in 1995 fell from £226m to £180m ($275m) despite growth in turnover to £2.45bn (£2.21bn). The downturn in profits had been expected after Rexam issued two profits warnings last year, and the shares rose 15p to 375p.

The group said sharply higher raw material costs in the first half, poor demand due to destocking by customers, lower cosmetic packaging sales and weakness in the German construction industry were the *main factors behind the* decline in profits.

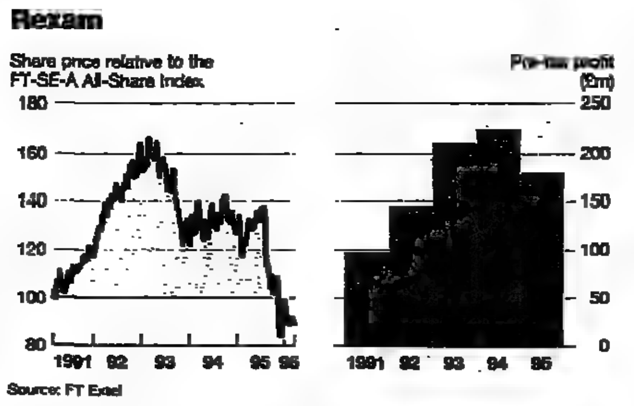
While sharp increases in the price of its two main raw materials, paper and plastic resin, pushed up its costs by £183m last year, Rexam said it was able to pass all but £13m of the increased costs on to customers in the form of higher end product prices. However, the higher raw material prices led to a loss of £24m in sales volume as customers bought discounted goods from competitors.

The real damage was inflicted in the second half when sudden declines in raw material prices led to severe destocking by customers. This was especially damaging because the group had positioned itself for volume growth in its main markets.

Although the Australian engineering division performed well, Rexam said it had decided to sell the business, which accounted for £140m of group sales last year. It said it had already agreed to sell Detco, the distribution arm, to a US buyer for £32m and was in talks with several bidders for the remaining businesses.

Mr David Lyon, the outgoing chief executive who will be succeeded by Mr Rolf Börjesson in July, said he was hopeful the group's performance would pick up in the second half as demand recovered.

He said the main task facing Mr Börjesson, and the new chairman Mr Jeremy Lancaster who joins in May, would be to grow Rexam's 11 core businesses and to build overseas sales, especially in emerging markets.



Siebe and Unitech fail to agree terms

By Tim Burt

A preliminary meeting between advisers acting for Siebe and Unitech yesterday ended without agreement on takeover terms for the electronic controls manufacturer.

Siebe, which has already acquired 25 per cent of Unitech at 580p a share, is expected to pursue an agreed takeover at further meetings over the next few days.

But it said a deal may not be agreed before the end of the month.

Unitech shares, which rose sharply on expectations of a higher offer earlier this week, closed 10p down at 678p amid signs from Siebe that it would not pay a price that risked diluting its earnings per share.

The industrial controls and temperature appliances group was said to be leaning towards a paper offer of up to 675p a share with a discounted cash alternative.

Industry analysts said Siebe would offer paper to avoid straining its balance sheet, thereby enabling it to contemplate further bolt-on acquisitions.

Others, however, said it would reduce the risk of dilution if it financed the deal with debt.

Siebe shares closed up 2p at 838p.

Lucas up 27% in volatile markets

By Tim Burt

Lucas Industries, the automotive and aerospace equipment group, yesterday reported a 27 per cent increase in operating profits for the six months to January 31, despite volatile demand from vehicle and aircraft manufacturers.

"This was a strong performance given the weak markets we experienced," said Mr John Grant, finance director.

Lucas partially offset those difficulties by selling loss-making businesses and improving production efficiency.

Nevertheless, Mr Grant admitted that increased stocks and changes in customer production schedules had pushed working capital up from £493m to £538m. "We expect stock levels to be reduced substantially in the second half as these issues are addressed, with a consequent improvement in borrowings and gearing."

Net borrowings rose from £328m to £413m – equivalent to gearing of 56 per cent – but the company predicted gearing could fall to about 30 per cent by the year end.

The increased borrowings underpinned a 35 per cent rise in capital expenditure to £85.7m, spent mainly on new products and increased manufacturing capacity in the automotive sector.

Paterson Zochonis rises to £13.2m as Nigeria output returns to normal

By David Blackwell

Improved fortunes in Nigeria, which accounts for about a fifth of sales, helped to lift interim profits at Paterson Zochonis by 18 per cent.

The toiletries and detergents group, which makes Cussons Imperial Leather soap, reported pre-tax profits for the six months to the end of November at £13.2m ($20m), against £11.2m. The contribution *from the associated Nigerian companies* jumped from £1.05m to £1.82m.

Mr Alan Whittaker, finance director, said production in Nigeria was now back to normal. It was scaled down last year when a lack of foreign exchange in the banking system hit the ability to import sufficient raw materials.

However, while currency was now available, the market was a little tighter because of the government's battle against inflation.

The group – 65 per cent held by the Zochonis family, directors and related interests – increased group sales from £139m to £175.8m. Operating profits were up by a little more than a quarter to £7.9m.

In the UK, Cussons maintained its 23 per cent of the soap market in the face of fierce competition, particularly from Lever Brothers' Dove brand.

The company added to the Polish business last May, which has brand leadership for male toiletries and contributed more than £10m to sales.

Further investments are being made in new plant in Greece and Ghana, in edible oils and soap respectively. Both open next year.

In January the group also invested £7m in a 64 per cent stake in a soap business on mainland China. Last year the company had sales of £13m.

Analysts said the shares looked attractive as an emerging markets play now that the situation had settled down in Nigeria.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Adwest	6 mths to Dec 31	102.3	(90.1)	1.58L♠	(6.21)	3.3L	(5.4)	2.3	May 3	2.3	-	7.8
Albright & Wilson	Yr to Dec 31 ★	703.2	(641.6)	55♠	(44.4♠)	12.3	(10.2)	4.35	May 22	-	6.5	-
Antofagasta	Yr to Dec 31	178.3	(90.6)	78.2♥	(38.3♥)	35.3	(21.2)	4.5⁂	June 27	3.55	6.5	5
Appleyard	Yr to Dec 31	694.7	(560.5)	8.82	(8.11)	8.8	(8.4)	3.1	May 9	2.9	5.2	5.8
Argent	Yr to Dec 31	15.4□	(11□)	13.6	(2.7)	19	(5.3)	-	-	-	-	-
BSG Intl	Yr to Dec 31	842.6	(714.5)	24.1♠	(15.1♠)	8.04	(3.49)	2.5	July 1	2.5	3.2	3.2
Chartwell Intl ɸ	5 mths to Dec 31	2.65	(-)	0.008L	(-)	-	(-)	-	-	-	-	-
Claremont Garments	Yr to Dec 30	172.0	(158.6)	12.9	(15)	16.1†	(20.7)	5.25	July 1	5	9.65	9
Clyde Petroleum	Yr to Dec 31	141.6	(115.6)	26.3‡‡	(12.1‡‡)	8.4	(3)	0.75	May 13	0.65	1.15	1
Dawsongroup	Yr to Dec 31	74.1	(61.3)	10.7♠	(11.2)	23.1	(24.2)	4	May 31	3.7	6	5.5
Delphi	Yr to Dec 31	175	(97.7)	9.02	(0.391L♠)	25.42†	(7.76L)	3	June 14	2	4.5	3
Derwent Valley	Yr to Dec 31	14□	(12.1□)	4.44	(6.36♥)	11.41†	(17.74)	3.77	June 10	3.43	5.5	5
Dorling Kindersley	6 mths to Dec 31	80.5	(60.8)	8.13	(5.27)	7.2	(5.1)	1.5	May 24	1.3	-	3.9
Fired Earth	Yr to Dec 31	6.76	(5.74)	0.526	(0.164♠)	6.1	(1)	1	May 22	nil	2	nil
Fisher (James)	Yr to Dec 31	30.2	(32.2)	5.31♥	(2.28♥)	22.5	(6.14)	1.5	May 4	1	2	1
Graham	Yr to Dec 31	488.6	(418.8)	19.3	(18.9)	10.2	(10.7)	3.8	May 29	3.5	5.7	5.25
Gus Carter	Yr to Dec 31	45	(43.5)	0.61	(1.09)	2.9	(6.3)	1	Apr 25	-	1	-
Hall Engineering	Yr to Dec 31	192.6	(154.8)	7.72♠	(0.87♠)	15.25†	(2.89L)	6.25大	Apr 26	3.775大	10.025大	8.775大大
Hampden	Yr to Dec 30	36.85	(34.3)	1.52♥	(0.876)	5.3	(3.57)	1.3	June [illegible]	1	2	1.2
Instem §	Yr to Dec 31	21.3	(16.8)	1.24	(1.15)	18.1	(16.6)	2.3	July 5	2.1	3.8	3.5
Kingsbury	Yr to Dec 23	78.3	(62)	3.24♠	(0.93L♠)	8.3	(4.6L)	2	-	-	3	-
Lucas Inds	6 mths to Jan 31	1,469	(1,350)	61.5	(44.5)	3.9†	(2.9)	2.1	July 1	2.1	-	7
Metalrax	Yr to Dec 31	90.8	(82.1)	10.4	(9.23)	6.73	(6.26)	3	May 31	2.727*	4	3.636*
Metsec	Yr to Dec 31	64.9	(59.4)	1.58♠	(2.25L♠)	5.26	(20.19L)	2.2	July 3	2	3.3	3
Nelson Hurst	Yr to Dec 31 ★	46.6	(41.5)	11.9♥	(8.76)	16.3	(12.6)	5.2	May 14	4.4	7.8	6.6
Nottingham	Yr to Dec 31	40.5	(45.3)	6.88	(7.04)	8.62	(8.15)	3.91	May 24	3.68	5.75	5.52
Paterson Zochonis	6 mths to Nov 30	175.8	(139)	13.2	(11.2)	16.81	(14.78)	2.65	May 31	2.55	-	18
Peak	Yr to Dec 31	143.8	(131.8)	16♥	(10.2)	9.9	(5.6)	2.35	-	2.35	3.4	3.4
Pembertons	18 mths to Dec 31 ☆	1.36	(0.003)	0.373	(0.003L)	1.2	(3.3L)	0.96	May 30	-	0.96	-
Persona	Yr to Dec 31	33.4	(31.5)	2.83	(2.06)	15.7†	(12.89)	3.36	May 31	2.56	4.5	3.24
Pifco	Yr to Dec 31	90.5	(61.3)	11.7	(6.55)	32.25	(18.48)	3.5	-	2.4	5	3.5
Rexam	Yr to Dec 31	2,451	(2,378)	180	(226)	24.9	(30.7)	8	June 4	8	14.1	13.8
Roxspur	6 mths to Dec 31	15.4	(3.41)	0.541L♠	(0.239L)	0.3L	(0.4L)	-	-	-	-	-
Secure Trust	Yr to Dec 31	-	(-)	9.19	(8.41)	43.4	(40.9)	12.5	May 20	11.5	28♦	16.5
SIG	Yr to Dec 31	358.7	(291)	24.1	(19.6)	20.3†	(18.2)	4.4	May 15	4	6.6	6
Singer Friedlander	Yr to Dec 31	-	(-)	39	(25.7♥)	12.33	(9.57)	2.4	June 5	2.1	4	3.5
Wellington	Yr to Dec 31	61.3	(47.9)	4.99♠	(4.06)	14.64	(13.03)	5	May 24	4.3	7.4	5.5
Whatman	Yr to Dec 31 ★	81.3	(76.9)	8.86♠	(10.7)	31.5	(30.33)	7.8	May 17	7.8	11.8	11.2

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Hambros Smlr Asian #	6 mths to Feb 29	112.7	(86.8)	0.052	(0.106)	0.12	(0.25)	nil	-	nil	-	0.45
Law Debenture	Yr to Dec 31	744.9	(613.5)	0.15	(5.33)	27.1	(23.48)	14.75	May 1	13.75	22.25	20.5

Earnings shown basic. Dividends shown net except ⁂Gross throughout. Figures in brackets are for corresponding period. ♠After exceptional charge. ★Comparatives restated. ♥After exceptional credit. □Rental income. †On increased capital. ‡‡Post tax. 大Foreign income dividend. 大大Part FID. ☆Comparatives for 12 months to June 30. §USM stock. ɸAim stock. *Equivalent after allowing for scrip issue. ♦Includes special of 10p. #US currency

Higher copper prices help Antofagasta rise to £67m

By Kenneth Gooding, Mining Correspondent

Increased output from its mines in Chile and higher copper prices helped Antofagasta Holdings, the London-listed group, to treble profits before tax and exceptional items, from £21.9m to £67.4m ($103m) for the year to December 31.

The group warned, however, that copper prices this year were expected to be lower than in 1995 and this would have an impact on all group companies, particularly the mining division, "where again the first priority is to reduce costs".

Last year the mining division's operating profit jumped from £5.8m to £46.1m on sales ahead from £74.3m to £155.4m. Copper output increased from 58,000 tonnes to 84,000 tonnes, while the copper price averaged $1.33 a pound, compared with $1.05 in 1994.

Operating profits at the railway side doubled to £5.7m. Banking, where the group's interests were rationalised and expanded into other parts of South America last year, contributed operating profits of £8.5m (£5.4m).

Madeco, the copper fabricating and manufacturing business, was affected by a strong Chilean peso and severe recession in Argentina, and its profits fell to £5.2m.

Antofagasta said the railway was now benefiting from greatly increased traffic from its contracts with two new copper mining projects in Chile – Zaldivar and El Abra.

Hampel gets 42% rise in remuneration

By Christopher Price

Sir Ronald Hampel, who is heading a City committee investigating corporate governance issues including the level of disclosure on pay, received a 42 per cent increase in remuneration last year as chief executive and later chairman of Imperial Chemical Industries.

The ICI report and accounts, published yesterday, shows a salary of £369,000, benefits of £12,000, an annual bonus of £57,000 and a long-term performance bonus of £425,000. The total of £863,000 compares with £607,000.

Sir Ronald also exercised options on 144,000 shares, at a weighted average of £5.48, compared with an average market price of £7.52, for a notional profit of £293,000.

The report comes as the Hampel committee prepares to look at, among other issues, the Greenbury report on executive pay. Sir Ronald has argued that companies have to reveal too much about directors' remuneration.

The Hampel committee may also adjudicate over the method companies use when disclosing directors' pension entitlements.

The issue is the subject of a bitter row between independent experts commissioned by Sir Richard Greenbury and the Confederation of British Industry. The Institute and Faculty of Actuaries is to recommend that companies should reveal the long-term capital value of directors' pensions in annual accounts.

Norwich Union puts off mutual decision

By Ralph Atkins, Insurance Correspondent

Norwich Union, of the UK's largest insurers, yesterday put off until the autumn a decision on whether to abandon its mutual status and prepare for flotation.

Speaking as the group unveiled 1995 results showing stable worldwide premium income and higher general insurance operating profits, Mr Allan Bridgewater, chief executive, said issues surrounding Norwich's future structure were "complex and time-consuming".

Norwich announced last October that it was studying possible demutualisation and flotation, saying such a move would "produce significant benefits" for Norwich Life Insurance members. Yesterday Mr Bridgewater said he did not believe "the mutual, as a form, is necessarily moving towards extinction" but admitted its structure was unique for a company with its range of subsidiary activities and geographical spread.

An autumn decision could pave the way for conversion to a public limited company next year, freeing the insurer to make large acquisitions.

Separately, Mr Bridgewater launched a public attack on some rival life insurers over the level of pay-outs on maturing life and pensions policies, which may have made Norwich's products seem less attractive.

The results showed worldwide gross premium income last year of £4.7bn ($7.19bn), against £4.8bn, and assets of £39.8bn (£34.1bn). Total sales of regular premium life and investment products fell from £192m to £168m and single premium products from £1.46bn to £1.42bn.

LEX COMMENT

Rexam

Rexam's outgoing management yesterday presented the group as a seaworthy ship that a rising economic tide and a new captain would soon float off the rocks. But the 20 per cent drop in 1995 profits hints at holes below the waterline. Despite its expansion into value-added packaging and coated products, last year's swing in raw material prices hit the group as hard as any cyclical paper company. Margins, which had beaten 10 per cent in 1994, fell to less than 7 per cent in the second half. Heavy investment in support of its global customers – capital spending has been running at more than 1.5 times depreciation – has obviously not increased the group's ability to pass on cost increases.

However it has reduced the return on capital to little more than 10 per cent after adding back goodwill written off on acquisition. Longer term, the focus on fewer, more powerful customers and the increasing spread of Rexam's coatings and laminates technology both look worrying.

New management should bring a fresh impetus, though Mr Rolf Börjesson, chief executive designate, is unknown to UK shareholders. The market would certainly welcome a hard look at the portfolio and some cost cutting. A tighter approach to accounting can also be expected. But by emphasising 11 core business groups which produce £1.7bn or 70 per cent of current turnover, Rexam seems to be limiting the scope for disposals. Despite underperforming the stock market by a third over the past two years, the shares trade on an average market rating based on 1996 forecasts. This looks hard to justify.

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COMMODITIES AND AGRICULTURE

Lead surges as squeeze tightens

By Kenneth Gooding, Mining Correspondent

A technical squeeze gripping the London Metal Exchange's lead market became even more ferocious yesterday, driving prices to the highest level for five and a half years while causing considerable financial pain to those short of the *metal*.

At one stage early yesterday, the cost of borrowing lead for one day went to $40 a tonne. *That* resulted in distressed calls for the LME authorities to intervene, something it had done in the past in the copper market when the cost of borrowing that metal for a day moved above $20 a tonne. However, by the close last night the cost of borrowing lead for a day had dropped back to $8.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+12,975	to 724,325
Aluminium alloy	+160	to 76,520
Copper	-2,525	to 337,050
Lead	-1,550	to 88,175
Nickel	-774	to 35,862
Zinc	+125	to 626,750
Tin	-145	to 9,400

Meanwhile yesterday, the premium for immediate delivery, or backwardation, increased to $105 a tonne in after-hours trading. At the close it was $96 with lead for delivery in three months at $924.50 a tonne and cash metal at $828.50.

As recently as March 7 the three-month lead price had fallen to $731 a tonne and seemed to be set to drop further. Instead, it advanced by nearly $200 a tonne in only eight trading days.

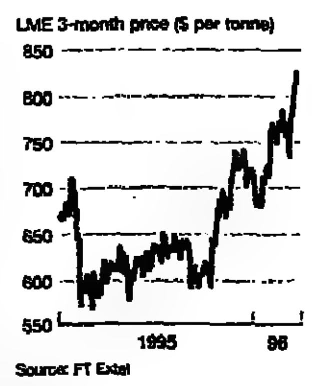
Analysts suggested yesterday the squeeze might ease after LME option declarations today. Nevertheless, they said the fundamental supply-demand situation was underpinning the lead price, which would also probably be buoyed up by nervousness among consumers. "Nobody is likely to go short of lead in the next few weeks," said Mr Wiktor Bielski, analyst at Bain & Company, a Deutsche Morgan Grenfell subsidiary.

He pointed out that another fall in LME stocks yesterday, by 1,550 tonnes to 88,175 tonnes, had taken global stocks down to an estimated 4.1 weeks of consumption when five weeks was considered to be the critical level. Also, stocks that were left were tightly held.

Mr Jim Lennon, analyst at Macquarie Equities, part of the Australian banking group, said there were some signs that lead demand was getting weaker – in any case the second quarter of the year was usually a time of weak demand for the metal – and prices ought to be about $770 a tonne.

Lead

LME 3-month price ($ per tonne)



Source: FT Extel

Brazil's coffee trade divided over quotas

Jonathan Wheatley on a row between interventionists and free-marketeers

Rival representatives of Brazil's coffee exporters are meeting in Brasilia this week to try to reconcile their differences over export quotas. The two factions – which may broadly be defined as interventionists and free-marketeers – seem unlikely to reach a consensus before the Association of Coffee Producing Countries begins a series of meetings in London next Monday.

Meanwhile, with the ACPC directorate insisting that limits on coffee exports will be maintained, stocks are so low in Brazil that the country's coffee roasters are preparing their first ever imports of coffee for domestic consumption.

Coffee production in Brazil has yet to recover fully from the frosts of mid-1994 that cut the 1995-96 harvest to less than *half its expected* volume and sent international prices soaring. *Last September*, as markets relaxed, the ACPC was *formed by producers* representing about three quarters of *world output who* wanted to keep prices high. They agreed *quotas* that restricted Brazil's exports to 3m bags (60kg each) *every three months*.

It was the quota system that led to the split among Brazilian exporters. Abecafé, which claims to represent producers *of 40 per cent of Brazil's coffee* output, broke away from the original exporters' association, Febec, last November.

Brazilian Coffee Exports (60kg bags)	1996	1995	1994
January	580,825	878,016	1.33m
February	574,566	798,495	1.2m

Source: Febec

Both sides express themselves cautiously. Febec supported the principle of export quotas and would argue for the retention of "some kind of co-ordination" of the market, an official said. Abecafé favours efforts to increase global coffee consumption rather than to support prices and, although it is against quotas, will respect any future ACPC agreement.

"However, we would rather see a single figure for the whole year rather than monthly limits," said Mr Jorge Esteve, president of Abecafé. One solution would be to set *limits for each half year*, weighted according to seasonal production levels, thereby bringing Brazil's limits into *line with those of other ACPC* countries.

Abecafé's members are more outspoken. "We are in favour of a completely free market *and against the ACPC restrictions*," said Mr Isaac Ferreira Leite, president of the Iguaxupé coffee co-operative.

At present, the quota system is in any case unnecessary. Exports in February, at 574,566 bags, were the lowest for the month since 1980. *In fact the* frost damage has meant that Brazil has not met its quota since the scheme was introduced; only in October was *there* sufficient stock to exceed the limit. Some producers complain that they lost income in October which would have compensated them for part of the earnings now being lost to lack of supply.

The frosts have also hit domestic supplies. *Coffee* consumption in Brazil, the second biggest market in the world after the US, is around 10.5m bags a year; the entire 1995-96 harvest was around 13m bags, around half the expected crop for the coming year.

"On a difficulty scale of one *to ten, getting hold of coffee at* the moment scores about a *seven," said Mr Americo Sato*, president of the roasters' association, Abic.

Eight Abic members have formed a pool to import 8,000 sacks of coffee from other Latin American producers. The figure is tiny, but Mr Sato said the first imports would be a test only and would be followed by more. Apart from shortage of supply, the imports were prompted by the low quality of coffee available from government stocks.

Others say the imports were prompted more by the government's reluctance to sell its stocks than by their quality, and that the imports – held up, according to Mr Sato, by red tape – were designed primarily to pressure the government into selling more.

Even if the imports are little more than a negotiating tactic, they highlight the growing demand for coffee on Brazil's domestic market. Abic and Abecafé agree on the need to meet this demand. As Mr *Esteve at Abecafé pointed out*, "selling coffee in Brazil is an *important part of selling it* worldwide. We want to satisfy growing demand here and overseas".

Fyffes sells Costa Rican banana farm

By Canute James in Kingston

Fyffes, the Irish fruit marketer and the Windward Islands Banana Development and Exporting Company have sold their 2,800 hectare banana farm in Costa Rica to an unnamed local company for $14m.

The farm was a part of the banana business of Geest, which was bought earlier this year for £147.5m by a joint venture created by Fyffes and Wibdeco. The purchaser is a consortium with interests in banana farming, and it will pay $9m immediately and the remainder over the next five years.

The money from the sale will be used to restructure the joint venture's operations and to write down its debts, caused mainly by the *lease* of two ships which are part of the deal with Geest. The ships have a cumulative capacity more *than is needed* by the Windward Islands industry, *and may also be sold*, according to officials.

The Costa Rican farm, which cost Geest $75m, started production three years ago, but a $7m loss last year brought its *total recorded losses* to $45m, according to Wibdeco.

Prime minister calls for end to Australian zinc mine delay

By Nikki Tait in Sydney

Australia's new federal coalition government yesterday became embroiled in the controversy that is holding up development of the London-based RTZ-CRA mining group's proposed US$850m Century zinc mine in Queensland.

Mr John Howard, prime minister, said he agreed with the Queensland state government that the mine should go ahead, and "urged all the parties involved to co-operate to resolve outstanding issues".

Last month, Australia's High Court allowed registration of a native title claim – which encompassed the proposed mine site – by the indigenous Waanyi people, thus triggering a potentially lengthy negotiation period between the claimants and the mining company.

RTZ-CRA wants to speed up the process, claiming that a major contract to supply Pasminco with concentrate could be jeopardised. Pasminco needs Century's "clean concentrates" by mid-1998 to meet the environmental standards set by the Dutch authorities for its Budel smelter.

Mr Howard's intervention followed a meeting with Mr Rob Borbidge, the new Queensland state premier. Afterwards, Mr Borbidge said that he was trying to establish a "summit meeting" between the state government, the Carpentaria Land Council (which represents local aboriginal interests), and the mining group. "What I want to do is get everyone in a room and let's try and resolve these differences," he said.

The state premier said that Mr Howard had indicated "all possible support". "If we need to involve the federal government. . . he is happy for that to happen," he claimed.

● Pasminco said yesterday that subsidence, which occured on Sunday, had halted production at its Elura zinc/lead /silver mine in New South Wales. There were no injuries and major mine infrastructure was not affected. Production is due to restart on Monday.

Mineral export boost forecast

By Nikki Tait

Australia is looking at a 15 per cent increase in the value of its mineral exports in the current financial year, to A$35.5bn, and could see a further 14 per cent rise, to A$40.5bn, according the latest quarterly forecasts from the Australian Bureau of Resource and Agricultural Economics. The growth is put down partly to higher prices for key commodities – including crude oil, copper, nickel, gold, aluminium and alumina *(aluminium oxide)* – but also to volume increases.

Rural exports are forecast to increase by 9.4 per cent, to A$22.2bn, thanks to a surge in grain sales and recovery from drought-depressed levels of recent years. But in 1996-97 Abare sees only static rural exports, as a fall in prices depresses wheat sales, offsetting higher wool and beef exports.

Meanwhile, AME Mineral Economics, the Sydney-based research firm, is predicting *that production of iron ore* will increase to around 1.24bn tonnes by the year 2005, compared with just over 1bn tonnes last year, as Asian demand for steel grows rapidly. In its latest sector review it forecasts the big increase coming in India, where production could top 150m tonnes by the middle of the next decade. Production levels for the two main exporters – Brazil and Australia – are forecast to increase by 20 and 14 per cent respectively.

Woodside finds second field in North-West Shelf oil permit

By Nikki Tait

Woodside Petroleum, the Perth-based group that operates the North-West Shelf project off the coast of Western Australia, *has confirmed the* discovery of another oil *field within the Lambert* permit.

It said at the weekend that the Lambert-2 well had flow at *a stabilised rate rate of 6,359* barrels a day during initial production tests, with oil gravity at 47.8 degrees API.

"Lambert-2 has discovered a new oil field, distinctly separate from the original Lambert-1 discovery," it said, *adding that the new field* would be named later.

Woodside *itself* holds a 16.7 per cent interest in the lease, *with the other partners* being BHP, BP, Chevron, Shell, and *Japan Australia LNG*.

The original Lambert field *was discovered several years* ago but its proven and probable *reserves were put* at around 12m barrels, too small *to be of much development* interest.

However, the new *field is* thought to be significantly *larger and its discovery has* already prompted suggestions *that a joint development*, with Lambert-1, might now be possible *when production from the* existing Wanaea/Cossack oil *project starts to tail away*. Wanaea/Cossack came on stream last year.

Shares in Woodside yesterday *closed eight cents higher* at A$7.08.

JOTTER PAD

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1604-05	1636-37
Previous	1602-03	1634-34.5
High/low	1600/1599	1643/1631
AM Official	1599.5-1600	1633.5-34
Kerb close		1645-46
Open int.	215,787	
Total daily turnover	66,437	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1355-65	1397-1400
Previous	1350-60	1392-97
High/low		1400/1395
AM Official	1350-51	1392-95
Kerb close		1405-10
Open int.	5,397	
Total daily turnover	1,631	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	924-5	828-9
Previous	853-6	808-9
High/low	928/895	832/807
AM Official	895-6	814-5
Kerb close		828-9
Open int.	41,236	
Total daily turnover	22,312	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	8120-30	8220-30
Previous	8015-25	8120-30
High/low	8080	8310/8170
AM Official	8080-85	8193-97
Kerb close		8280-90
Open int.	41,207	
Total daily turnover	19,922	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6245-55	6285-90
Previous	6180-70	6195-200
High/low		6340/6220
AM Official	6170-80	6215-20
Kerb close		6340-50
Open int.	18,427	
Total daily turnover	6,393	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1066.5-67.5	1090-91
Previous	1072-3	1095-6
High/low	1064.5/1064	1103/1085
AM Official	1064-64.5	1087.5-88.5
Kerb close		1096-97
Open int.	71,266	
Total daily turnover	17,284	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2544.5-46.5	2537-38
Previous	2559-61	2544-45
High/low	2556	2558/2537
AM Official	2557-58	2543-44
Kerb close		2543-44
Open int.	176,928	
Total daily turnover	70,193	

■ LME AM Official £/$ rate: 1.5301
LME Closing £/$ rate: 1.5330

Spot: 1.5327 3 mths: 1.5304 6 mths: 1.5278 9 mths: 1.5258

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	117.70	-0.90	118.50	117.45	741	2,519
Apr	117.55	-1.30	117.80	117.30	364	2,652
May	116.85	-1.20	118.05	116.20	3,017	20,209
Jun	115.50	-0.85	115.70	115.05	11	851
Jul	114.50	-0.75	114.80	113.80	136	4,890
Sep	112.70	-0.60	112.70	112.70	109	2,856
Total					4,462	42,574

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	395.20-395.50		
Opening	394.80-395.20		
Morning fix	395.05	258.27	471.18
Afternoon fix	395.10	257.90	471.04
Day's High	395.90-396.20		
Day's Low	394.80-395.10		
Previous close	394.60-395.00		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.31	6 months	3.98
2 months	4.15	12 months	3.81
3 months	4.02		

Silver Fix	p/troy oz.	US cts equiv.
Spot	362.60	554.75
3 months	368.55	560.00
6 months	371.05	566.05
1 year	380.35	578.65

Gold Coins	$ price	£ equiv.
Krugerrand	394-397	257-259
Maple Leaf	406.05-408.55	-
New Sovereign	92-95	60-62

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	395.4	-0.3	-	-	4	-
Apr	396.0	-0.3	396.5	395.5	25,282	89,660
Jun	399.0	-0.3	399.4	398.5	8,300	50,989
Aug	401.6	-0.3	401.9	401.2	1,412	12,695
Oct	404.2	-0.3	-	403.8	26	6,137
Dec	406.8	-0.3	407.5	406.9	1,102	15,424
Total					34,894	189,722

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	413.0	-0.1	414.5	413.0	976	11,243
Jul	416.0	-0.2	417.5	416.0	380	8,463
Oct	418.5	-0.2	419.5	419.5	3	1,936
Jan	421.3	-0.2	-	-	2	782
Apr	424.0	-0.2	-	-	1	360
Total					1,362	22,769

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	140.45	+1.20	-	-	1	40
Jun	140.95	+1.20	141.50	139.50	108	8,297
Sep	141.85	+1.20	-	-	35	309
Dec	142.95	+1.20	-	-	4	73
Total					109	8,719

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	550.4	-3.0	554.0	550.5	16	104
May	554.0	-3.0	557.5	553.5	9,942	52,657
Jul	558.3	-3.0	561.9	558.0	546	13,592
Sep	562.8	-3.2	564.0	563.0	19	11,036
Dec	569.9	-3.4	573.5	569.0	63	7,498
Mar	577.4	-3.4	-	-	11	3,180
Total					10,866	91,712

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	24.15	+0.86	24.34	21.77	35,551	39,743
May	20.79	+0.06	20.90	19.96	53,284	86,653
Jun	19.57	+0.04	19.65	19.08	24,229	51,905
Jul	18.87	+0.04	18.93	18.56	15,138	48,567
Aug	18.47	+0.05	18.50	18.36	3,211	25,695
Sep	18.20	+0.06	18.20	18.12	4,720	20,415
Total					147,233	440,292

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	18.85	-	18.91	18.63	15,412	74,479
Jun	17.90	-0.08	18.00	17.79	6,051	30,173
Jul	17.30	-0.09	17.37	17.22	2,070	37,947
Aug	17.02	-0.06	17.05	16.93	1,470	11,267
Sep	16.85	-0.01	16.85	16.73	250	12,093
Oct	16.75	-	16.77	16.61	-	3,458
Total					28,555	192,769

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	62.20	+1.92	62.50	60.10	19,454	22,959
May	54.95	+0.70	55.10	53.90	10,640	17,952
Jun	51.85	+0.44	51.90	51.10	3,433	11,930
Jul	50.90	+0.19	51.00	50.45	2,506	8,850
Aug	51.10	+0.39	51.10	50.65	923	7,833
Sep	51.40	-	51.60	51.10	289	3,022
Total					38,492	81,377

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	177.00	+2.25	178.50	173.50	10,576	21,594
May	165.75	-0.50	167.25	165.00	5,630	10,391
Jun	160.00	-0.75	161.25	159.50	1,409	9,265
Jul	157.00	-1.25	158.50	156.75	376	4,777
Aug	156.25	-1.25	157.00	156.50	20	4,040
Sep	156.25	-0.50	157.50	156.25	104	1,708
Total					18,540	69,867

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	2.615	+0.104	2.625	2.425	19,680	28,213
May	2.425	+0.076	2.430	2.280	8,533	28,684
Jun	2.230	+0.065	2.235	2.140	6,040	17,984
Jul	2.115	+0.045	2.115	2.050	3,405	13,989
Aug	2.050	+0.024	2.055	2.005	1,497	13,583
Sep	2.000	+0.020	2.000	1.960	1,399	10,905
Total					44,589	168,176

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	64.55	+0.24	64.80	63.70	13,598	28,475
May	63.55	+0.24	63.80	62.90	8,209	25,753
Jun	61.70	+0.27	61.80	61.25	2,237	8,475
Jul	59.35	+0.10	59.50	59.05	1,185	6,932
Aug	57.30	+0.15	57.40	57.05	313	4,005
Sep	55.25	+0.10	55.25	55.25	580	1,498
Total					28,223	74,030

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	118.35	+0.45	118.50	118.25	23	85
May	120.40	+0.55	120.90	120.00	487	3,337
Jul	122.60	+0.50	123.00	122.50	110	784
Sep	110.00	-0.10	110.35	110.00	22	230
Nov	111.25	-	111.50	111.25	22	1,507
Jan	112.85	-0.25	-	-	22	384
Total					685	6,382

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	507.00	+5.00	507.00	498.00	832	1,304
May	469.25	-4.50	474.00	468.00	7,002	28,385
Jul	443.75	+1.50	446.50	441.50	10,079	42,146
Sep	447.75	+1.25	450.00	446.00	612	8,487
Dec	458.75	+1.75	461.00	457.00	734	8,414
Mar	462.00	+4.00	463.00	460.00	35	328
Total					19,255	89,487

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	398.25	+4.75	399.00	392.75	2,826	3,842
May	385.50	-0.25	389.25	383.75	44,857	193,503
Jul	373.50	-1.50	377.50	372.50	18,359	126,142
Sep	324.25	-2.25	327.00	324.00	2,605	37,449
Dec	311.75	-2.50	315.00	311.50	6,619	89,819
Mar	317.00	-2.25	320.00	317.00	248	7,840
Total					75,296	462,611

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	108.65	-0.25	108.75	108.75	4	253
May	108.90	-0.75	110.00	109.50	47	480
Sep	108.00	-0.20	-	-	-	44
Nov	107.95	-0.20	108.30	108.10	7	530
Jan	109.85	+0.25	-	-	-	93
Total					58	1,404

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	706.75	-11.25	718.00	706.50	1,784	1,298
May	715.25	-11.00	726.75	715.00	27,245	88,563
Jul	723.50	-10.50	734.00	723.00	9,915	51,634
Aug	724.25	-10.50	734.00	724.00	1,863	7,531
Sep	719.00	-8.00	726.50	719.00	278	3,727
Nov	718.75	-5.75	725.00	718.00	10,568	54,531
Total					51,558	193,160

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	24.12	-0.18	24.38	24.08	434	871
May	24.33	-0.25	24.60	24.30	4,594	33,936
Jul	24.70	-0.23	24.95	24.69	2,452	25,583
Aug	24.90	-0.21	25.11	24.89	445	6,561
Sep	25.06	-0.20	25.26	25.07	236	4,487
Oct	25.23	-0.18	25.35	25.20	219	2,888
Total					9,081	83,396

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	220.5	-3.5	224.5	220.5	2,628	1,447
May	224.4	-4.0	228.5	224.2	16,842	39,662
Jul	227.9	-3.9	231.8	227.6	5,569	26,320
Aug	229.0	-3.2	232.0	228.8	407	5,323
Sep	229.0	-2.5	231.0	229.0	226	3,429
Oct	228.0	-2.0	230.5	228.0	233	3,014
Total					28,893	88,033

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	158.3	-4.5	163.0	157.0	75	692
May	155.0	-4.0	166.0	164.0	21	67
Jun	225.0	-	-	-	-	-
Nov	106.0	-	-	-	-	-
Mar	130.0	-	-	-	-	-
Apr	116.5	-8.0	122.0	122.0	3	85
Total					99	844

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1440	-8	1445	1435	147	808
Apr	1532	-6	1550	1525	58	1,236
May	1478	-15	1490	1470	94	683
Jul	1345	-14	1360	1350	11	1,873
Oct	1399	+4	1400	1395	50	662
Jan	1438	+38	-	-	-	56
Total					360	5,369

	Close	Prev
BFI	1398	1375

FUTURES DATA
All futures data supplied by CMS.

Spices
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). **Antimony:** 99.6%, $ per tonne, 3,450-3,650. **Bismuth:** min. 99.99%, tonne lots 3.60-4.00 (3.50-4.00). **Cadmium:** min. 99.95%, 148-160 cents a pound. **Cobalt:** MB free market, 99.8%, 28.60-29.40 (29.30-30.00); 99.3%, 26.35-27.25 (26.70-27.50). **Mercury:** min. 99.99%, $ per 76 lb flask, 170-180 (168-178). **Molybdenum:** drummed molybdic oxide, 3.85-4.10 (3.90-4.20). **Selenium:** min 99.5%, 3.45-4.10 (3.45-4.10). **Tungsten ore:** standard min. 65%, $ per tonne unit (10kg) WO_3, cif, 50-60. **Vanadium:** min. 98%, cif, 2.85-3.05 (2.85-3.08). **Uranium:** Nuexco exchange value, 13.00.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	880	+6	885	885	17	30
May	898	+4	902	895	2,377	25,310
Jul	920	+3	924	917	1,419	18,987
Sep	939	+2	943	937	968	39,176
Dec	951	-	955	950	2,092	18,837
Mar	971	+1	974	970	168	29,857
Total					7,180	183,131

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
May	1237	+14	1239	1227	2,849	35,180
Jul	1262	+14	1262	1251	1,489	22,052
Sep	1284	+12	1284	1275	307	12,457
Dec	1316	+11	1319	1310	82	13,670
Mar	1347	+10	1347	1344	220	7,858
May	1365	+11	-	-	2	4,525
Total					4,538	98,262

■ COCOA (ICCO) (SDR's/tonne)

Mar 18	Price	Prev. day
Daily	904.58	897.32

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	2083	-72	2170	2088	251	1,890
May	1927	-23	1955	1910	2,792	13,386
Jul	1849	-25	1883	1841	932	6,158
Sep	1821	-27	1850	1815	382	3,353
Nov	1797	-26	1839	1800	79	1,760
Jan	1778	-17	1807	1807	7	835
Total					4,443	26,795

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	124.50	-2.70	127.50	124.50	158	352
May	119.05	-1.80	120.20	118.20	5,653	15,612
Jul	117.60	-1.75	118.80	116.80	841	5,222
Sep	116.60	-1.85	117.30	116.30	123	3,503
Dec	115.25	-1.80	116.00	115.00	66	1,684
Mar	114.95	-2.00	-	-	3	421
Total					6,884	27,593

■ COFFEE (ICO) (US cents/pound)

Mar 18	Price	Prev. day
Comp. daily	108.92	106.53
15 day average	104.50	104.23

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	11.80	-	-	-	-	-
Jul	11.90	-	-	-	-	-
Oct	11.90	-	-	-	-	-
Total					-	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	400.2	+5.2	400.8	395.0	1,730	13,427
Aug	374.2	+3.5	374.5	370.5	1,510	7,459
Oct	335.8	+1.3	338.5	334.5	285	4,901
Dec	324.7	+1.0	325.5	324.5	84	2,529
Mar	317.2	-	318.1	317.2	202	745
May	312.8	+0.4	312.7	312.7	200	570
Total					4,011	29,631

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	12.46	+0.05	12.49	12.32	9,102	64,951
Jul	11.11	+0.03	11.13	11.04	3,895	38,642
Oct	10.71	+0.02	10.72	10.67	1,350	27,568
Mar	10.41	-	10.43	10.38	651	14,945
May	10.32	-	10.33	10.30	373	4,349
Jul	10.17	-	10.16	10.17	70	1,765
Total					15,457	152,768

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	83.90	-0.74	84.84	83.85	3,228	20,602
Jul	84.83	-0.60	85.60	84.75	1,109	11,687
Oct	80.65	-0.05	81.50	80.50	167	2,550
Dec	79.55	-0.18	79.88	79.20	381	17,856
Mar	80.35	-0.15	80.50	80.27	61	1,892
May	81.05	-0.05	81.25	80.87	4	815
Total					4,950	57,428

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	131.80	-2.45	133.85	130.00	574	17,157
Jul	130.80	-2.60	132.50	130.60	232	4,089
Sep	128.25	-2.25	130.00	128.25	119	2,141
Nov	125.00	-2.25	126.10	126.10	4	884
Jan	123.75	-1.75	124.00	123.75	18	2,660
Mar	125.75	-1.75	-	-	5	187
Total					957	27,195

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 19	Mar 18	month ago	year ago
2140.7	2138.5	2152.3	2316.5

■ CRB Futures (Base: 1967=100)

Mar 18	Mar 15	month ago	year ago
250.43	248.27	250.15	235.79

■ GSCI Spot (Base: 1970=100)

Mar 18	Mar 15	month ago	year ago
202.76	198.50	194.53	176.37

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	64.975	-0.275	65.200	64.650	4,585	28,124
Jun	64.275	-0.075	64.300	63.850	3,089	29,237
Aug	63.125	-0.075	63.250	62.850	1,151	15,118
Oct	63.850	-0.025	63.975	63.725	422	10,739
Dec	62.675	-0.050	62.775	62.550	244	6,009
Feb	62.625	-0.050	62.725	62.575	57	3,199
Total					9,866	90,671

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	48.675	-0.3	48.800	48.275	3,768	10,843
Jun	53.875	+0.05	53.950	53.275	2,230	14,448
Jul	51.725	+0.325	51.600	51.100	574	3,463
Aug	49.075	+0.3	49.400	48.650	341	1,858
Oct	45.575	+0.325	45.600	45.225	263	2,928
Dec	48.500	-	48.800	48.450	51	1,630
Total					7,265	36,890

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Mar	68.900	+0.35	68.900	67.000	160	343
May	67.625	-0.525	67.750	66.400	1,763	6,495
Jul	64.550	-0.8	66.000	63.600	418	2,613
Aug	60.775	-0.625	61.200	60.550	127	758
Feb	60.850	-0.225	61.300	60.850	24	100
Mar	61.000	+0.3	61.500	61.000	1	6
Total					2,492	10,215

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Jun	Sep	Jun	Sep
1500	146	-	4	-
1600	66	114	23	52
1700	20	66	76	100
■ COPPER (Grade A) LME	Jun	Sep	Jun	Sep
2400	157	135	16	55
2500	88	83	45	100
2600	41	47	97	161
■ COFFEE LCE	May	Jul	May	Jul
1850	106	139	35	140
1900	76	119	55	170
1950	53	102	82	203
■ COCOA LCE	May	Jul	May	Jul
875	33	66	9	20
900	18	50	19	30
925	9	37	35	42
■ BRENT CRUDE IPE	May	Jun	May	Jun
1850	77	55	49	-
1900	51	32	-	-
1950	36	31	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)		+or-
Dubai	$16.95-7.03x	-0.04
Brent Blend (dated)	$20.37-0.41	-0.045
Brent Blend (May)	$18.84-8.85	+0.055
W.T.I.	$20.82-0.83x	+0.13

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$201-203	+1
Gas Oil	$189-191	+3
Heavy Fuel Oil	$105-107	-2
Naphtha	$171-173	-0.5
Jet fuel	$217-219	+1
Diesel	$190-192	+4

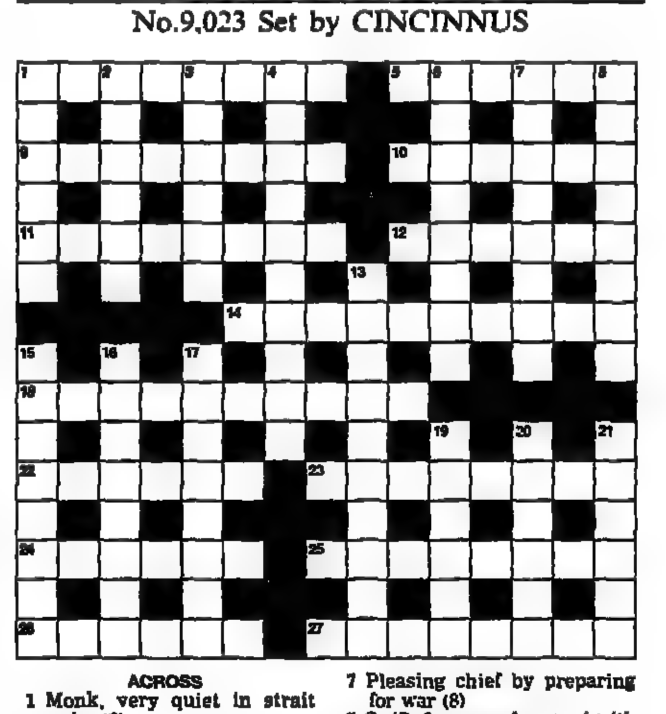
Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER		
Gold (per troy oz)‡	$395.35	+0.55
Silver (per troy oz)‡	554.50c	+1.00
Platinum (per troy oz.)	$411.25	+0.50
Palladium (per troy oz.)	$139.00	
Copper	124.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	15.50r	+0.22
Tin (New York)	292.5	+4.0
Cattle (live weight)†	120.64p	+1.65*
Sheep (live weight)†♣	154.20p	+14.80*
Pigs (live weight)†	108.33p	+1.37*
Lon. day sugar (raw)	$330.7	+7.9
Lon. day sugar (wte)	$412.5	+11.1
Barley (Eng. feed)	113.25	
Maize (US No3 Yellow)	148.52	
Wheat (US Dark North)	Unq.	
Rubber (Apr)♥	104.50p	-0.50
Rubber (May)♥	103.75p	-0.50
Rubber (KL RSS No1)	387.50m	-0.50
Coconut Oil (Phil)§	$720.0v	
Palm Oil (Malay.)§	$517.5y	-5.0
Copra (Phil)§	457.0	
Soyabeans (US)	207.0v	
Cotton Outlook'A' index	83.70	
Wooltops (64s Super)	440p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. x May. v Apr/May. y Apr/Jun. ♥ London Physical. § CIF Rotterdam. ‡ Bullion market close. ♣ Sheep (Live weight prices). * Change on week †Prices are for previous week.

CROSSWORD

No.9,023 Set by CINCINNUS



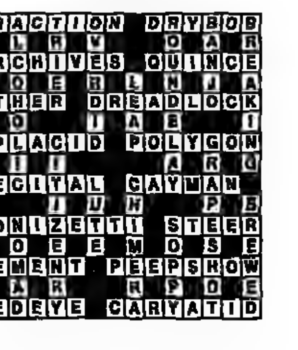
ACROSS

1 Monk, very quiet in strait order (8)
5 Lots of aircraft waiting to land? (6)
9 Honestly? Not quite! (2,3,3)
10 Make known I belong (6)
11 She freed an old dramatist (8)
12 A book for teaching the first of the three R's? (6)
14 They indicate distances to various points (10)
18 Astonishing poet's house contents (10)
22 Plants for southern borders (6)
23 French revolutionary's honourable battle (8)
24 Origin of rhyme found in an old poet (6)
25 On wings of song? (8)
26 Stops fighting bears (6)
27 Pliers with needles for production of net skirt (8)

DOWN

1 New Maoist religion (6)
2 PM taking shelter after a race (6)
3 Bird in Spooner's little mine (6)
4 Nuclear plant is to exchange some farmland for cash (10)
6 Going round desert – yet turning up shows rashness (8)
7 Pleasing chief by preparing for war (8)
8 Swift, for example, posed with flower on table-top (8)
13 Financial venture losing initial capital in embezzlement? (10)
15 An envoy raises my output (8)
16 Catholic returns to paradise with Anglican belief (8)
17 Rose, the beautiful woman in red (8)
19 Religious teacher beginning to train timid person (6)
20 Financial liability could be explosive (6)
21 Making silent entrances (6)

Solution 9,022



INTERNATIONAL CAPITAL MARKETS

Europe slips on German M3 worries

By Richard Lapper in London and Lisa Bransten in New York

European bond markets were helped by a positive early performance by the US Treasury market but then slipped slower, in part on fears that German money supply data due later this week might be higher than expected.

Analysts said underlying sentiment was still weak, with many large investors waiting on the sidelines following the recent sharp rise in yields. "There are are a lot of nerves out there. People have had their fingers burned," said Mr Huw Roberts, European bond strategist at NatWest Markets.

■ US Treasury prices were modestly higher by early afternoon after dipping lower in the morning on the release of data showing new home construction figures for February slightly above analysts' expectations.

Near midday, the 30-year Treasury was up ⅛ at 91 1/32 to yield 6.687 per cent and the two-year note was 1/16 stronger at 98 23/32 to yield 5.813 per cent.

The Commerce Department said construction began on 1.5m new homes in February, the largest number since December 1994. Some economists said these figures might have been even stronger were it not for the severe weather across the east coast and much of the mid-west.

Mr Joseph Liro of CIBC Wood Gundy viewed the market's ability to rally after the strong figures as a sign that the bearish tone that has dominated sentiment since last month may be dissipating.

The market has moved sharply lower since early this month, when the Labour Department put out surprisingly strong figures on employment that caused investors to worry that the economy was strengthening.

Investors are watching for today's figures on retail sales, which should give some indication about whether consumer spending will contribute to the economic strengthening.

Economists expect sales to have jumped by about 0.9 per cent after January's 0.3 per cent decline.

■ German bunds opened strongly. On Liffe, the June 10-year bund future climbed to a high of 95.59. Later, however, locals were reported to be heavy sellers and the contract settled at 95.30, down 0.08 on Monday's close.

Fears that M3 numbers for February, due this week, will be higher than expected following recent statements by Bundesbank officials were a main focus for the market.

GOVERNMENT BONDS

"If rumours about a double-digit February M3 number prove correct, then it will definitely put the chances of an early German rate cut at the March 28 [Bundesbank] council meeting in jeopardy," said Mr David Brown, senior European economist at Bear Stearns International in London.

Mr Brown still expects Germany to outperform both the US and Japanese markets in coming months, but says that "in the current climate it will be very tough for European bonds to decouple".

The 10-year yield spread over Treasuries, which fell to zero at the end of last week, widened by four basis points. Mr Brown believes "this spread should go negative to the tune of 50 basis points at some stage this year – but not just yet".

■ In France, further reductions in the call rate helped the short end, with yields on benchmark two-year paper falling by some 3 basis points, while 10-year yields fell by 1 basis point. On Matif, the June 10-year future gained 0.20, but lost some ground in after-hours trading on Globex, while June Pibor settled at 95.61, up 0.07.

The French treasury will offer FFr18bn–20bn of two-year and five year notes at the monthly BTAN auction tomorrow. The 10-year yield spread of OATs over bunds narrowed marginally to 15 basis points.

■ UK government bonds followed bunds lower and on Liffe the June long gilt closed at 104 23/32, down 5/16. The Bank of England said its next auction would be for £3bn of 7 per cent bonds maturing in 2001. Today, the market will focus on the minutes of February's meeting between the chancellor and the governor of the Bank of England, as well as February retail sales and M4 data.

"A rebound in retail sales combined with another set of politically expedient monetary minutes could well see gilts again testing new lows," said Mr Nigel Richardson, head of bond research at Yamaichi International.

■ Sweden was again the most impressive of the high-yielding European markets, following a 25 basis point cut by the Riksbank in its repo rate – the sixth this year – and indications that other rates could also fall. The 10-year yield spread over bunds narrowed by 8 basis points to 226 points.

■ Italian bonds shrugged off higher than expected wholesale price figures. On Liffe, the June BTP future settled at 108.45, down 0.22, but recovered most of the fall in APT trading.

Late flurry of activity in European currencies

By Samer Iskandar

The primary market saw a variety of new issues yesterday, with a late flurry of activity in European currencies in the afternoon. Dutch guilders were in great demand, with three issuers tapping this currency for over Fl 2bn.

The largest operation was led by ING Barings for the Republic of Austria, which raised Fl 1.5bn through a seven-year issue paying a 6¼ per cent coupon. Priced at only 8 basis points over the equivalent Dutch government bond, the spread widened to around 11 basis points soon after the bonds were free to trade.

An official at ING Barings admitted the pricing was "a bit tight". The issue was demand-driven and "a good amount was pre-placed", he said, adding that he was confident the remaining bonds would be placed easily, with 25 per cent of the amount expected to be sold to retail investors.

One trader familiar with the deal said "only retail investors will buy the paper", which he believes was "mispriced (on the expensive side) by at least 5 basis points".

Elsewhere, Bank Nederlandse Gemeenten (BNG) tapped the 10-year French franc sector via lead managers BNP, Caisse des Dépôts and SBC Warburg.

This was the first French franc operation for BNG, a very active borrower in other segments of the euromarket. The proceeds were swapped into fixed-rate Dutch guilders, at an all-in cost of around 15 basis points over the yield of 10-year DSLs – "about the same level BNG would have achieved, had it issued in its domestic market", said a trader.

INTERNATIONAL BONDS

"This issue is bound to become a benchmark for euro-franc bonds," said Mr Laurent Attali, head of origination at co-lead CDC. The spread was fixed at 10 basis points over 10-year OATs, which was seen as "slightly on the tight side" by some investors.

However, Mr Attali, who describes the issue as "a major event for the [euro-franc] sector", believes it will be easily sold, since BNG, rated Triple A by both Moody's and Standard & Poor's, is seen as "a quasi-sovereign" borrower.

Also, syndicate members said there is strong demand for 10-year maturities, mainly from French insurance companies. They expect interest from non-residents and retail investors to intensify should French yields fall in the near future.

Another Triple A rated borrower, SNCF, the French national railway, issued a retail-targeted five-year eurobond in Luxembourg francs. "It was an opportunistic issue", aiming to take advantage of particularly attractive swap conditions into French francs, said SNCF. The all-in cost to the borrower came out at a "substantial, two-digit spread" below Pibor, the three-month reference rate for French francs.

The buy-back operation started two weeks ago by Yorkshire Water on its 6¾ per cent convertible bonds due 2008 closed yesterday. James Capel and Cazenove, which managed the offer, reported that £53.91m, or 89.84 per cent of the nominal £60m of bonds outstanding, were bought back.

Finer prices for Scandinavian borrowers

By Antonia Sharpe

The international syndicated loans market has acquired a Scandinavian flavour in recent weeks, as borrowers from the region take advantage of their improved credit ratings to raise financing at finer rates.

Banks, flush with cash, seem willing to meet their demands because the region now enjoys a stable outlook following its recovery from the financial crisis of the early 1990s.

Bidding for the City of Stockholm's $250m seven-year facility, for example, is reported to be so fierce that the winning banks will do well to get a commitment fee of 5 to 6 basis points and an interest margin of 12½ to 15 basis points.

Stockholm is believed to have received bids from 15 to 20 banks and is expected to draw up a final list of two or three by the end of this week.

Bankers believe more Scandinavian borrowers will tap the market in coming months, either for acquisition or general purposes, because they can win finer terms than at home.

SYNDICATED LOANS

One Scandinavian deal currently in the market is a $250m five-year multi-currency revolving credit facility for Assa Abloy, the Swedish locks and security group.

Enskilda is arranging the deal, which will refinance a $100m facility signed in November 1994 as well as an acquisition "bridge" loan taken out to fund Assa's recent takeover of Eastern, a US company. The facility will be syndicated to a group of relationship banks.

Enskilda is also involved, together with Chemical Bank, in a restatement of the terms and a potential increase in an outstanding facility for Securum, an investment holding company owned by the Swedish state.

Since Securum took out a $1.4bn five-year term loan facility in January 1995, it has reduced the amount of its debt outstanding to $980m as a result of asset sales. However, Securum has asked the banks involved in the facility to top up the outstanding amount by up to $200m to help pay for the SKr3.8bn ($570m) purchase of Retriva, another state-owned holding company.

Banks already participating in the facility will receive a waiver fee of 2½ basis points and new banks coming into the loan will earn a participation fee of 7½ basis points. The interest margin on the loan will remain unchanged at 25 basis points.

However, the amortisation schedule will be adjusted, reducing the remaining average life of the transaction to 28 months from 38 months, to reflect Securum's confidence in its ability to dispose of more of its assets.

The other big Scandinavian facility in the market, a £450m two-year acquisition financing for Kvaerner, the Norwegian engineering and shipping group, has not yet been syndicated. Bankers involved in the transaction said syndication will not start until Kvaerner's £904m ($1.4bn) offer for Trafalgar House, the UK's loss-making construction and shipping group, goes unconditional on April 2.

Elsewhere, the £540m underwritten facility which will help pay for Farnell Electronics' £1.85bn purchase of Premier Industrial Corporation in the US has been oversubscribed in general syndication.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
DSL Bank	200	6.00	100.18R	Apr 1998	0.125R	-3(5⅛%-98)	Nomura Intl/SBC Warburg
D-MARKS							
Bancomext‡	300	(a)	100.08	Apr 1999	0.80	-	Westdeutsche Landesbank
Deutsche Finance Neth(b)	250	6.50	101.82	Nov 2000	2.00	-	Deutsche Morgan Grenfell
Oest Kontrollbank(s)	250	5.00	100.14R	Dec 1999	0.225R	+3(7%-99)	Paribas/SBC Warburg
STERLING							
Royal Bank of Scotland(c)	125	9.25	99.254R	undated	0.625R	+105(7¼%-06)	Goldman Sachs International
GUILDERS							
Republic of Austria	1.5bn	6.25	100.00R	Apr 2003	0.30R	+8(6¼%-03)	ING Barings
Rabobank Nederland	500	5.75	99.89R	May 2001	0.25R	+8.5§	Rabobank Nederland
Finance for Danish Industry	125	(d)	100.325R	Apr 2002	0.30R	+17§	Kredietbank Intl Group
FRENCH FRANCS							
BNG	3bn	6.75	99.786R	Apr 2006	0.325R	+10(7¼%-06)	BNP/CDC/SBC Warburg
Compagnie Bancaire‡	1bn	(e)	100.00R	Apr 1998	0.175R	-	CCF
LUXEMBOURG FRANCS							
SNCF(s)	2bn	6.00	102.60	Dec 2001	1.875	-	BGL/Kredietbank Lux

Final terms, non-callable unless stated. Yield spread (over relevant govt bond) at launch supplied by lead manager. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) 3-mth Libor +325bp. b) Fungible with DM1bn. Plus 120 days accrued. c) Callable on 3/4/06 and every 5 years at par. If not called, coupon steps up to 205bp over the then 5-year gilt. d) 5.25% to 29/4/99 and 7.25% thereafter. e) 3-mth Pibor +25bp for 1st year and 5% fixed annual thereafter. § Over interpolated yield. s) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	107.2640	+1.091	8.88	9.05	8.09
Austria		6.125	02/06	95.3300	+0.080	6.64	6.69	6.75
Belgium		7.000	05/06	100.7500	-0.180	6.89	7.36	6.64
Canada *		8.750	12/05	106.5700	+0.030	7.77	7.80	7.07
Denmark		8.000	03/06	102.1200	+0.140	7.69	7.79	7.27
France	BTAN	5.750	03/01	99.2500	-	5.93	5.92	5.62
	OAT	7.250	04/06	103.9000	-0.020	6.70	6.76	6.58
Germany Bund		6.000	02/06	96.0700	-0.090	6.55	6.60	6.10
Ireland		8.000	08/06	99.5500	+0.250	8.05	8.15	7.44
Italy		9.500	02/06	93.8600	-0.080	10.61†	10.82	10.00
Japan	No 129	6.400	03/00	117.0770	-0.010	1.81	1.84	1.82
	No 182	3.000	09/05	98.5800	-0.040	3.20	3.23	2.95
Netherlands		6.000	01/06	95.7300	-0.210	6.60	6.57	6.12
Portugal		11.875	02/05	111.9700	+0.100	9.79	9.83	9.48
Spain		10.150	01/06	0.0000	-	0.00	10.09	9.76
Sweden		6.000	02/05	83.1060	+0.320	8.82	9.08	8.85
UK Gilts		8.000	12/00	102-04	-1/32	7.45	7.55	6.91
		7.500	12/06	95-18	-3/32	8.12	8.19	7.64
		9.000	10/08	105-25	-7/32	8.25	8.31	7.79
US Treasury *		5.625	02/06	94-12	+3/32	6.40	6.39	5.68
		6.000	02/26	91-02	+6/32	6.69	6.72	6.17
ECU (French Govt)		7.500	04/05	101.3600	+0.020	7.29	7.40	6.95

London closing, *New York mid-day. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	5.24	Two year	5.66
Prime rate	8¼	Two month	5.30	Three year	6.00
Broker loan rate	7	Three month	5.18	Five year	6.15
Fed.funds	5¼	Six month	5.29	10-year	6.41
Fed.funds at intervention	-	One year	5.49	30-year	6.68

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	120.72	120.78	+0.20	120.78	120.50	88,145	133,256
Sep	119.50	119.56	+0.20	119.50	119.32	531	2,464
Dec	118.38	118.40	+0.16	118.38	118.18	4	533

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls May	Calls Jun	Puts Apr	Puts May	Puts Jun
119	-	-	-	0.06	-	0.70
120	0.92	-	-	0.21	-	1.01
121	0.30	-	1.13	0.57	-	1.43
122	0.05	0.37	0.68	-	0.37	1.97
123	0.01	0.15	0.37	-	0.15	-

Est. vol. total, Calls 13,174 Puts 29,350. Previous day's open int., Calls 161,632 Puts 182,914.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.56	95.30	-0.08	95.59	95.24	121883	226164
Sep	94.60	94.45	-0.08	94.60	94.42	523	3776

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
9500	0.45	1.01	1.27	1.28	0.15	0.71	0.97	1.83
9550	0.15	0.74	0.98	1.06	0.35	0.94	1.19	2.11
9600	0.05	0.51	0.75	0.87	0.75	1.21	1.45	2.42

Est. vol. total, Calls 21388 Puts 24300. Previous day's open int., Calls 301578 Puts 206930

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	108.90	108.45	-0.22	109.00	108.37	34342	50703
Sep		107.90	-0.22			-	-

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
10800	2.05	2.80	1.60	2.70
10850	1.77	2.37	1.82	2.97
10900	1.51	2.15	2.06	3.25

Est. vol. total, Calls 1432 Puts 356. Previous day's open int., Calls 59338 Puts 45808

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF) (Mar 18)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	92.65	93.36	+0.78	93.38	92.35	36,459	40,412

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	106-00	105-19	-0-12	106-00	105-23	667	5212
Jun	105-06	104-23	-0-10	105-07	104-20	38194	113596

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
104	0-55	1-38	1-62	2-03	0-09	0-66	1-16	2-27
105	0-17	1-02	1-26	1-38	0-35	1-20	1-44	2-63
106	0-04	0-40	0-62	1-16	1-22	1-58	2-16	3-40

Est. vol. total, Calls 2511 Puts 3726. Previous day's open int., Calls 47817 Puts 31951

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	88.42	88.48	+0.06	88.52	88.34	19,814	8,270

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	111-24	112-05	+0-17	112-00	111-14	5,654	31,452
Jun	111-04	111-21	+0-18	111-17	110-28	228,701	356,485
Sep	110-26	111-02	+0-15	111-00	110-14	780	16,075

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	118.75	-	-	118.75	118.44	3256	-
Sep	117.47	-	-	117.49	117.47	175	-

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Mar 19	Day's change %	Mon Mar 18	Accrued interest	xd adj. ytd
1 Up to 5 years (24)	121.62	+0.01	121.61	2.25	1.87
2 5-15 years (19)	146.15	-0.15	145.36	2.96	1.89
3 Over 15 years (9)	157.22	-0.28	157.68	1.77	3.48
4 Irredeemables (6)	182.63	+0.67	181.82	4.41	0.00
5 All stocks (58)	140.50	-0.11	140.66	2.53	2.06
Index-linked					
6 Up to 5 years (1)	198.62	+0.08	195.47	3.32	0.00
7 Over 5 years (11)	183.49	-0.04	183.56	1.02	0.98
8 All stocks (12)	183.67	-0.05	183.73	1.07	0.96

Yield	Low coupon Mar 19	Low coupon Mar 18	Low coupon Yr. ago	Medium coupon Mar 19	Medium coupon Mar 18	Medium coupon Yr. ago	High coupon Mar 19	High coupon Mar 18	High coupon Yr. ago
5 yrs	7.55	7.52	8.39	7.59	7.57	8.42	7.68	7.66	8.56
15 yrs	8.30	8.29	8.33	8.33	8.30	8.43	8.45	8.41	8.65
20 yrs	8.37	8.37	8.50	8.38	8.37	8.43	8.50	8.46	8.58
Irred.†	8.39	8.45	8.35						

Index-linked	Inflation 5% Mar 19	Inflation 5% Mar 18	Inflation 5% Yr. ago	Inflation 10% Mar 19	Inflation 10% Mar 18	Inflation 10% Yr. ago
Up to 5 yrs	3.02	3.04	3.54	1.81	1.83	2.28
Over 5 yrs	3.80	3.80	3.85	3.62	3.61	3.67

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 19	Mar 18	Mar 15	Mar 14	Mar 13	Yr ago	High*	Low*
Govt. Secs. (UK)	92.09	92.22	92.30	92.40	92.31	92.01	96.34	90.22
Fixed Interest	110.98	110.66	110.74	110.88	111.26	110.58	115.23	108.77

* for 1995/96. Government Securities high since compilation: 127.4 (09/01/35), low 49.18 (03/01/75). Fixed interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Mar 18	Mar 15	Mar 14	Mar 13	Mar 12
Gilt Edged bargains	98.9	91.0	118.6	107.4	214.9
5-day average	126.2	132.6	148.2	148.4	149.2

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on March 19

[illegible]

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
Treas 15¼pc 1996‡‡	15.07	5.94	101⅛	..	106⅝	101⅛
Exch 13¼pc 1996‡‡	13.10	5.91	101⅛	-	106⅞	101⅛
Treas 2pc 1996	0.92	5.89	216⅝	—	210⅛	206⅞
Conversion 10pc 1996	9.76	6.05	102⅝	—	104⅛	102⅝
Treas 13¼pc 1997‡‡	12.54	6.12	105⅝	—	109⅝	105⅝
Exch 10½pc 1997	10.12	6.18	103⅝	+1/32	105⅝	103⅝
Treas Cnv 7pc 1997‡‡	6.95	6.42	100⅝	..	101⅝	98¾
[illegible]						
Treas 12½pc 2003-5	10.00	8.05	125	-1/32	131⅝	121⅝
Treas 8½pc 2005‡‡	8.26	8.08	102⅝	-⅛	106⅝	98½
Treas 7½pc 2006‡‡	7.85	8.12	95½	-⅛	101⅝	94⅝
Treas 7¾pc 2006‡‡	7.99	8.16	97⅝	-⅛	103⅛	93⅝
Treas 8pc 2002-6‡‡	8.10	8.22	98⅜	-⅛	104⅝	95⅝
Treas 11¾pc 2003-7	9.84	8.00	119⅜	-⅛	125⅝	115⅝
Treas 8½pc 2007‡‡	8.33	8.21	102⅝	-⅛	108⅝	98⅝
[illegible]						

Index-Linked	Notes	Yield (1)	Yield (2)	Price £	+ or -	52 week High	52 week Low
4⅝pc '98‡‡	(135.6)	1.81	3.82	111½	+⅛	113⅝	108
2½pc '01	(78.3)	3.16	3.63	179⅝xd	—	180⅛	169
2½pc '03	(78.8)	3.32	3.68	172⅞	—	176⅛	164
4⅛pc '04‡‡	(135.6)	3.37	3.70	113⅝	—	116⅝	109⅝
2pc '06	(69.5)	3.46	3.71	188⅛	-⅛	185⅝	176⅝
2½pc '09	(78.8)	3.55	3.76	161⅝	-⅛	167⅞	154⅞
2½pc '11	(74.6)	3.59	3.78	167	-⅛	173⅝	159⅝
[illegible]							

Other Fixed Interest

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Swedish krona rallies on interest rate cut

By Philip Gawith

The Swedish krona was again the main mover on the foreign exchanges yesterday as markets responded positively to the Riksbank's decision to cut the repo rate to 7.6 per cent from 7.85 per cent.

The central bank took advantage of the currency's strength to cut rates for the sixth time this year, during which time the repo rate has fallen from 8.91 per cent.

The krona closed at SKr4.518 against the D-Mark, a high for 1996, from SKr4.557.

The D-Mark was weaker against most European currencies, closing at L1,055 against the lira, from L1,059, and at FFr3.419 against the French franc, from FFr3.424.

The dollar remained in narrow ranges, closing at DM1.4762, from DM1.4742, and at Y106.315 from Y106.01.

Sterling had an uneventful day. It closed at DM2.2619, from DM2.258, and at $1.5323, from $1.5317.

The Taiwan dollar, meanwhile, overcame continuing tensions with China to close at a two-month high of T$27.3145, from T$27.447. Dealers said the central bank's remarks about expecting a stronger currency had succeeded. The central bank has said that a reasonable level is around T$26.80-90.

■ The krona's rally would appear to be powered by investors capitalising on the prospect of making profits on underlying bond holdings, as well as on the currency.

Mr Jeremy Hawkins, chief economist at the Bank of America in London, said the Riksbank's obvious belief that inflation was trending lower stood in contrast to market fears that global inflation might again be on the march.

Another European development of note was Mr Helmut Kohl's comment about the risks of delaying the European single currency project. "If monetary union were delayed...the next question would be: for how long? The third question would be: what if it does not happen at all, then we will go into the D-Mark," he told reporters in Bonn.

■ Markets were taken aback by the much stronger than expected Japanese fourth quarter GDP figures. Without them, said Mr Hawkins, the dollar could well have risen to Y107. But with much of the growth coming from domestic demand, the risk is obviously that the next move in interest rates will be up.

The belief that Japanese interest rates may rise is one reason why the dollar has not benefited more from the recent China/Taiwan tensions.

Within the US itself, the Mitsubishi index and housing starts data were both stronger than expected, offering further evidence that a growth spurt is underway. The impact of this on the dollar is unclear. It will hurt bonds, but the dollar has shown some signs of decoupling and responding positively to stronger data.

"Look at where $/D-Mark is in the context of a 700,000 payroll," said Mr Hawkins. "Not so long ago it would have fallen with bonds."

■ Taking a longer view of the dollar, Mr David Hale, chief economist at Kemper Financial Services in Chicago, cites three factors which have depressed the dollar recently. First, signs that US exporters are exporting capital aggressively again.

"As a result of the growth of America's international fund-management industry (there are now 367 international equity funds compared to 95 in 1990) and the significant outperformance of Wall St compared to many foreign markets during recent years, American demand for foreign securities during 1996 could be much higher than foreign private demand for US securities," said Mr Hale.

The other two factors are the seasonal repatriation of capital to Japan, and the fact that real yield differentials boost investor demand for European currencies over US ones.

Looking ahead, Mr Hale sees three reasons to be optimistic about the dollar: a stronger US economy should lessen investor concern about the risk of recession depressing corporate profits; the repatriation of capital to Japan may slow, and even reverse; and the Russian presidential election in June.

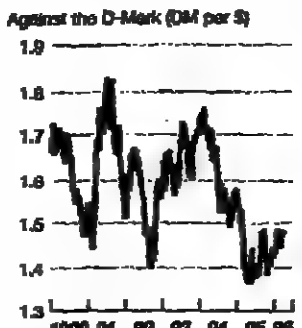
"Since Russia has not had an open election for its head of state since 1613, it is difficult to believe that the coming presidential election will not produce some news events potentially damaging to the currencies of the countries closer to Russia, including the German D-Mark."

■ Pound in New York

Mar 19	—Latest—	— Prev. close —
£ spot	1.535	1.5330
1 mth	1.528	1.5322
3 mth	1.512	1.5307
1 yr	1.5247	1.5242

Dollar

Against the D-Mark (DM per $)



Source: FT Extel

■ OTHER CURRENCIES

Mar 19	£	$
Czech Rp	41.7452 - 41.7802	27.2510 - 27.2610
Hungary	219.002 - 219.238	143.000 - 143.050
Iran	4557.80 - 4595.70	3000.00 - 3000.00
Kuwait	0.4530 - 0.4587	[illegible]
Poland	3.9477 - 3.9510	2.5770 - 2.5780
Russia	7432.78 - 7440.77	[illegible]
U.A.E.	5.6254 - 5.6297	3.6728 - 3.6733

POUND SPOT FORWARD AGAINST THE POUND

Mar 19		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.9067	+0.0276	987 - 147	15.9225	15.8779	15.8787	2.3	15.7942	2.8	-	-	105.9
Belgium	(BFr)	46.4732	+0.0757	319 - 144	46.5330	46.4310	[illegible]	2.7	46.1582	2.7	45.2482	2.6	108.1
Denmark	(DKr)	8.7369	+0.0111	326 - 412	8.7497	8.7276	8.7246	1.7	8.7008	1.6	8.6021	1.5	108.8
Finland	(FM)	7.0699	[illegible]	625 - 772	7.1120	7.0620	7.0655	0.7	7.0574	0.7	-	-	[illegible]
France	(FFr)	[illegible]	+0.0011	307 - 358	7.7468	7.7191	7.7205	2.0	7.6986	1.8	7.6023	1.7	109.5
Germany	(DM)	2.2619	+0.0039	[illegible]	2.2654	2.2586	2.2567	2.7	2.2469	2.7	2.2025	2.6	110.1
[illegible]													

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 19		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria	(Sch)	10.3813	+0.014	784 - 841	10.4120	10.3750	10.3655	1.8	10.3338	1.9	10.2113	1.6	105.8
Belgium	(BFr)	30.3300	+0.0375	100 - 500	30.4250	30.3100	30.278	2.1	30.175	2.0	29.7	2.1	107.8
Denmark	(DKr)	5.7020	+0.005	005 - 035	[illegible]	5.6990	5.697	1.1	5.6875	1.0	5.7095	-0.1	108.1
Finland	(FM)	4.6141	[illegible]	103 - 178	4.6466	4.6100	[illegible]	1.4	4.5371	1.6	4.5566	1.2	82.5
France	(FFr)	5.0470	-0.0013	466 - 475	5.0615	5.0425	5.0416	1.3	5.0325	1.1	4.9955	1.0	109.0
Germany	(DM)	1.4762	+0.002	759 - 765	1.4807	[illegible]	1.4736	2.1	1.4657	2.0	1.4456	2.1	109.5
[illegible]													

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

[illegible]

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	[illegible]	0.6773	-0.0005	0.6791	0.6773	2,753	25,795
Jun	0.6808	0.6796	-0.0012	0.6802	0.6786	13,847	54,218
Sep	0.6859	0.6832	-0.0012	0.6860	-	16	2,043

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8425	0.8403	-	0.8425	0.8408	1,940	13,444
Jun	0.8470	0.8452	-0.0019	0.8470	0.8437	7,281	25,940
Sep	0.8617	0.8525	-0.0024	0.8575	0.8517	28	488

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9442	0.9421	-0.0001	0.9442	0.9421	3,774	15,275
Jun	0.9550	0.9519	-0.0030	0.9560	0.9507	7,470	55,506
Sep	-	-	-	-	0.9670	5	1,091

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5280	1.5276	-	1.5292	1.5266	1,217	26,046
Jun	1.5308	1.5284	-0.0026	1.5310	1.5270	11,180	34,400
Sep	1.5280	1.5270	-0.0020	1.5320	1.5230	2	34

UK INTEREST RATES

LONDON MONEY RATES

Mar 19	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market deps	[illegible]	[illegible]	-	-	-	-

UK clearing bank base lending rate 6 per cent from March 8, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. Ave. tender rate of discount on Mar 15, 5.7896pc. ECGD fixed rate Stg. Export Finance. Make up day Feb 29, 1996. Agreed rate for period Mar 26, 1996 to Apr 25, 1996, Schemes II & III 7.48pc. Reference rate for period Feb 1, 1996 to Feb 29, 1996, Schemes IV & V 6.238pc. Finance House Base Rate 6.5pc from March 1, 1996

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.87	93.87	+0.01	93.87	93.86	5110	51495
Jun	93.93	93.93	+0.01	[illegible]	93.90	[illegible]	75552
Sep	93.73	93.71	-0.01	93.74	93.70	7038	58439
Dec	93.40	93.39	-	93.43	93.37	5099	48253
Mar	93.01	92.98	-	93.04	92.98	2402	32778

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9375	0.13	0.26	0.29	0.01	0.08	0.33
9400	[illegible]	0.11	0.17	0.14	0.16	0.46
9425	0	0.03	[illegible]	0.38	0.35	0.64

Est. vol. total, Calls 2295 Puts 5028. Previous day's open int., Calls 100651 Puts 169452

EMS EUROPEAN CURRENCY UNIT RATES

Mar 19	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Spain	162.493	159.344	+0.056	-1.94	[illegible]	12
Netherlands	2.15214	2.12105	+0.00021	-1.44	4.07	11
Belgium	39.3960	38.9525	+0.057	-1.13	3.73	8
Austria	13.4383	13.3284	+0.0216	-0.82	3.41	6
Germany	1.91007	1.89528	+0.0031	-0.77	3.36	8
Portugal	195.792	[illegible]	+0.06	0.10	2.46	-1
Denmark	7.28580	7.32116	+0.00955	0.49	2.07	-3
France	6.40608	[illegible]	-0.00341	1.13	1.41	-10
Ireland	0.792214	0.812509	-0.002153	2.56	0.00	-17
NON ERM MEMBERS						
Greece	292.867	309.558	-0.068	5.70	-2.97	-
Italy	2106.15	[illegible]	-10.55	-5.10	8.07	-
UK	0.786652	0.837264	-0.002707	6.43	-3.64	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.500	3.25	[illegible]	4.07	[illegible]	0.50	1.05
1.510	2.44	2.88	-	0.29	0.77	-
1.520	1.68	2.28	2.80	0.46	1.11	1.77
[illegible]	0.93	1.72	2.32	0.83	1.55	2.23
1.540	0.61	1.15	[illegible]	1.38	2.09	2.72
1.550	[illegible]	0.89	1.47	[illegible]	[illegible]	3.32

Previous day's vol., Calls 7,523 Puts 7,737 . Prev. day's open int., Calls 143,507 Puts 139,751

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.50	94.56	-	94.57	94.55	18,523	251,736
Jun	94.50	[illegible]	-	94.54	94.50	[illegible]	[illegible]
Sep	94.32	94.36	+0.05	94.37	[illegible]	82,190	324,713

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.08	[illegible]	-	95.07	95.02	1,184	2,614
Jun	95.00	95.00	+0.01	[illegible]	[illegible]	957	[illegible]
Sep	94.81	94.81	[illegible]	94.85	94.78	51	[illegible]

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9650	0.22	0.25	0.27	0.25	0.01	0.04	0.06	[illegible]
9675	0.06	[illegible]	0.11	[illegible]	0.10	0.12	0.15	[illegible]
9700	0.01	[illegible]	0.04	0.08	0.30	0.32	[illegible]	0.54

Est. vol. total, Calls [illegible] Puts 4763. Previous day's open int., Calls [illegible] Puts [illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9800	0.29	[illegible]	[illegible]	0.10	0.26	0.51
9825	0.13	[illegible]	0.13	0.19	0.38	[illegible]
9850	0.05	0.07	[illegible]	0.38	0.56	[illegible]

Est. vol. total, Calls 220 Puts 100 Previous day's open int., Calls 4845 Puts 3048

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Trust Bank	6.00	Exeter Bank Limited	7.25	●Singer & Friedlander	6.00
AIB Bank	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs.	6.00
●Henry Ansbacher	6.00	●Robert Fleming & Co	6.00	TSB	6.00
Bank of Baroda	6.00	Girobank	6.00	United Bank of Kuwait	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.25	Unity Trust Bank Plc	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	Western Trust	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Whiteaway Laidlaw	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Yorkshire Bank	6.00
Bank of Scotland	6.00	●Hill Samuel	6.00		
Barclays Bank	6.00	C. Hoare & Co	6.00		
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Julian Hodge Bank	6.25		
Citibank NA	6.00	●Leopold Joseph & Sons	6.00		
Clydesdale Bank	6.00	Lloyds Bank	6.00		
The Co-operative Bank	6.00	Meghraj Bank Ltd	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Credit Lyonnais	6.00	• Mount Credit Corp	6.25		
Cyprus Popular Bank	6.25	NatWestminster	6.00		
		●Rea Brothers	6.00		

● Members of London Investment Banking Association
• In administration

WORLD INTEREST RATES

MONEY RATES

March 19	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
France	4	[illegible]	[illegible]	[illegible]	[illegible]	3.80	-	5.60
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.80	-	5.60
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	8.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	8.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.87
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.67
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	4.98	5.15	[illegible]	5.52	-	-	-
week ago	-	[illegible]	5.14	5.21	5.42	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

[illegible]

THREE MONTH PIBOR FUTURES (MATIF) / THREE MONTH EUROMARK FUTURES (LIFFE) / THREE MONTH EUROLIRA FUTURES (LIFFE) / THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) / THREE MONTH ECU FUTURES (LIFFE)

[illegible]

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9050	0.46	0.84	1.00	0.28	0.39	0.47
9075	0.34	0.67	0.83	0.37	0.41	0.55
9100	0.22	0.52	0.69	0.50	0.61	0.86

Est. vol. total, Calls 1770 Puts 1030. Previous day's open int., Calls 13870 Puts 7780

FIDELITY SPECIAL GROWTH FUND
Société d'Investissement à Capital Variable
Kansallis House - Place de l'Etoile
L-1021 Luxembourg
R.C. No B 20095

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of Fidelity Special Growth Fund, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Company"), will be held at the registered office of the Company, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on March 28, 1996, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended November 30, 1995.
4. Discharge of the Board of Directors and the Auditor.
5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3rd, Barry R. J. Bateman, Charles T.M. Collis, Charles A. Fraser, Jean Hamilius and H. F. van den Hoven, being all of the present Directors.
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
7. Declaration of a cash dividend in respect of the fiscal year ended November 30, 1995.
8. Consideration of such other business as may properly come before the meeting.

Approval of items 1 through 8 of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting with no minimum number of shares present or represented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: February 28, 1996
By Order of the Board of Directors

Fidelity Investments

RECTIFICATION NOTICE
US $53,750,000
European Investment Bank
Floating Rate Notes due 2008
For the period from March 15, 1996 to September 16, 1996 the Notes will carry an interest rate of 5.4441% per annum with an interest amount of US $27.64 per US $1,000 principal amount of the Notes originally issued.
The relevant interest payment date will be September 16, 1996.
Agent Bank:
BANQUE PARIBAS
LUXEMBOURG

MIWON CO., LTD.
(Incorporated in the Republic of Korea with limited liability)
NOTICE
to the holders of the outstanding
U.S. $30,000,000
1½ per cent. Convertible Bonds Due 2005
of
Miwon Co., Ltd.
(the "Bonds" and the "Company" respectively)

NOTICE IS HEREBY GIVEN to the holders of the Bonds that, as a result of the issue by the Company of 183,645 shares of its common stock to holders of its common stock and preferred stock by way of dividend as described in the Notice given to holders of the Bonds on 1st March, 1996, the existing Conversion Price has, pursuant to the provisions of the Trust Deed constituting the Bonds, been adjusted from Won 19,701 to Won 19,326 with effect from 1st January, 1996 (the day after the record date in respect of the share dividend).

Bankers Trust Company, London
20th March, 1996 Miwon Co., Ltd.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq		491	—	595	476½	5,095	6.0	17.8
Bulmer (HP)		577	+8	577	401	304.7	2.7	18.7
Burn St Dist.		117	—	145	99	69.4	5.3	25.2
Grand Met		431xd	+3	487	374	9,025	4.3	18.5
Guinness		483	-6	536	435	9,280	3.8	14.4
Highland		349	—	406	315	463.6	2.8	15.8
Irvin Y.		750½	-7	806	621	7,898	0.8	39.1
Macallan-Glen.		164	+1	217	157	182.5	1.0	36.4
Macdon Martin A		633	—	690	600	86.7	2.2	17.8
Matthew Clark		701xd	+2	705	549	618.3	3.8	-
Merrydown		102	—	140	68	11.1	2.5	-
Seagram S		£21½	+¼	£25¾	£16¼	5,888	1.3	-

BANKS, MERCHANT

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 9pc Cm 2nd Pf.		50½	—	50½	50½	6.31	19.8	-
Cater Allen		459	—	525	423	146.7	8.3	7.4
Close Bros		357xd	+7	382	346½	435.9	3.2	15.8
Gerrard & Nat.		402	+3	472	399	198.8	7.0	13.0
Hambros		234	+1	239	180	413.9	4.0	-
7½pc Cv Pf		106½xd	+½	107½	94½	137.2	8.8	-
For Joseph Leopold see Leopold Joseph								
King & Shaxson		151	—	165	85	39.8	7.5	11.7
Leopold J.		450	—	483	353	22.9	5.2	15.5
Rea Brothers		60	—	67	44	29.0	2.1	24.0
Schroders		1238	+30	1478	1006½	1,869	1.8	17.2
N/V		888	+22	1180	890	431.2	2.1	13.5
Singer & Fried		105	—	113	81	287.3	4.9	8.2
8½pc Cv Ln 09/14		£131½	—	£137	£1[illegible]	40.3	6.5	-

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

Approved by the Inland Revenue

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

Approved by the Inland Revenue

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER FINANCIAL - Cont.

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yield and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ *Indicates the most actively traded stocks. This includes UK stocks* where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- ▪ Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- *Free annual/interim report available, see details below.*
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- *Merger bid or reorganisation in progress*
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q *Earnings based on preliminary figures.* s *Dividend yield excludes a special* ... ACT guidelines. z Dividend yield includes a special payment. F Yield based on prospectus or other official estimates for *1994-95.* G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other *official estimates for* 1995... 1995-96. R Forecast annualised yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z *Dividend yield to date.*

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT9981. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 3822. Reports will be sent the next working day, subject to availability.

Both Annual Reports and FT Company Focus are available from the above number.

FT Company Focus

Comprehensive 10-14 page report available on this company, containing key FT stories from the last year, latest survey of City profit forecasts and *investment recommendations, 5 year financial and* share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements for £6.45.

To order, call 0121 200 4678.

Reports published by ShareFinder Ltd.

FT Cityline

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An international service is available for callers outside the UK, annual subscription £250 stg.

Call 0171 873 4378 for more information on FT Cityline.

For readers phoning from outside UK, please dial +44 in place of the first 0.

The share prices printed on these pages are also available on the internet at www.FT.com.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd
Pembroke Hall, Pembroke, Bermuda

Jupiter Tyndall (Bermuda) Ltd
PO Box HM1256 Hamilton, Bermuda

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 246, St Peter Port, Guernsey 01481 723021

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey 01481 710881

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Apollo Investment Management Ltd

Arab Bank Fund Managers (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Credis Investment Funds - Contd.

Murray Universal, Sicav

NICAM Asia Pacific Umbrella Fund

Nikko Asia Convertible Bond Fund

Nikko Bank (Luxembourg) S.A.

CMI Insurance Co Ltd

Royal Life International

Royal Skandia Life Assurance Ltd (x)

Buchanan Capital Management Ltd

CA Securities Investment Fund Mangt Ltd

CB Asset Management

CDC International

CH Fund Managers (Bermuda) Limited

Comco Investment Management Ltd

Global Asset Management - Contd.

MBf Unit Trust Managers Limited

MD Sass Re/Enterprise International Ltd

MFS Meridian Funds

Magellan Emerging Mkts Mngt (Jersey) Ltd

Regent Kleppin Capital Management Ltd

Regis Asset Management

Republic Funds

Rosenwald, Roditi & Co Ltd

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

LONDON STOCK EXCHANGE

MARKET REPORT

Bonds-to-equities switch boosts share prices

By Steve Thompson, UK Stock Market Editor

Talk of a big institutional switch from gilts to equities was backed by some exceptionally heavy trading in shares and helped to drive UK stocks sharply higher yesterday.

And the performance of the gilts market tied in with the rumours circulating in the equity market. Gilts were pressured from the outset of trading, with the 10-year bond closing 5 ticks lower and the 20-year issue 11 ticks down on the day.

The switch was said to have been executed via a programme trade, printed just before the equity market closed and encompassing the FT-SE 100 and Mid 250 stocks. It included big blocks of stock in BP, BT, BTR, British Gas, GEC, Glaxo, Grand Metropolitan, Ladbroke, Lloyds TSB, Lasmo, Shell, Vodafone and Williams Holdings.

Already stimulated by the buying programme and the overnight surge on Wall Street, the market was given a further boost by a buoyant Wall Street at the opening yesterday, although that market became increasingly turbulent as the session wore on.

The FT-SE 100 index once again broke through the 3,700 barrier, but failed to hold above that level, eventually sliding back to close a net 23.4 higher at 3,693.0 – a two-day gain of 48.2. The FT-SE Mid 250 delivered another impressive showing, ending 29.7 stronger at 4,274.2, only 5.8 off its all-time closing high, recorded on March 7.

Boosted considerably by the programme trade and continued heavy activity in BAT Industries, BP and Vodafone, turnover in equities reached a healthy 884.1m shares at the 6pm reading, with Footsie stocks accounting for around 53 per cent of total volume. Customer business on Monday was shown as being worth only £1.3bn, well down from recent daily levels.

Wall Street's near 100-point advance for the Dow Jones Industrial Average to a new all-time high on Monday saw the UK stock market off to a flying start.

The only worry for the market came from the debt markets, where German bunds gave another unenthusiastic performance, depressed, dealers said, by fears that the German M3 money supply figures, expected this morning, could come in worse than forecast and ruin hopes of more German rate cuts.

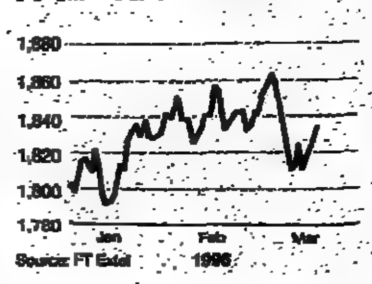
At its best, shortly after Wall Street opened, the FT-SE 100 reached 3,706.4. At that point the Dow was up some 40 points. But as the latter fell back, so did London, which settled 13 points off its best.

Top spot in the FT-SE 100 league went to Rexam, the paper and packaging group, whose preliminary results contained no new provisions and drew sighs of relief from the market. Oil shares also attracted keen support from overseas, with BP hitting another all-time high and Shell closing only 20p off its peak level.

Albright & Wilson and Lucas Industries carried the flag for the FT-SE Mid 250, both responding to good trading results.

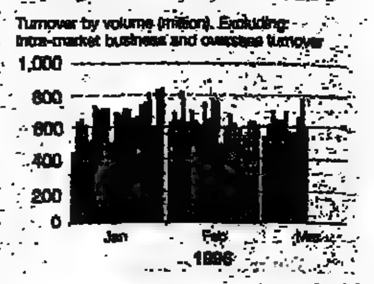
On the downside, Guinness suffered ahead of tomorrow's preliminary figures, with the market still concerned about last week's poorly received fourth-quarter figures from Seagram, the Canadian drinks group.

FT-SE-A All-Share Index



Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3693.0	+23.4	FT Ordinary index	2759.0	+15.2
FT-SE Mid 250	4274.2	+29.7	FT-SE-A Non Fins p/e	16.80	16.73
FT-SE-A 350	1856.2	+12.0	FT-SE 100 Fut Jun	3688.0	+26.0
FT-SE-A All-Share	1835.38	+11.59	10 yr Gilt yield	8.12	8.10
FT-SE-A All-Share yield	3.83	3.85	Long gilt/equity yld ratio:	2.22	2.20

Best performing sectors

1. Oil: Integrated ....+1.8
2. Banks: Merchant ....+1.7
3. Mineral Extraction ....+1.6
4. Engineering: Vehicles ....+1.4
5. Retailers: Food ....+1.4

Worst performing sectors

1. Diversified Inds ....−0.3
2. Alcoholic Beverages ....−0.3
3. Pharmaceuticals ....−0.3
4. Tobacco ....−0.1
5. Consumer Goods ....+0.0

BP hits record high

Oil major BP experienced a share price gusher which pushed the shares 15 higher to 574½p, a new record close.

One story discussed by sector dealers and said to be a factor in the rise was that a big trade in New York had gone embarrassingly wrong and sparked a squeeze in a stock that was already in demand.

Apparently, one broking firm intended to sell 100,000 shares and discovered it had sold 100,000 American Depositary Receipts instead. As there are 12 shares in each ADR, a total of 1.1m more shares than intended went off the book. The attempt to cover the shortage contributed to a rise in the ADR price on Monday night.

BP shares opened stronger in London and the gain was maintained with the help of a buoyant oil price, fading worries about Iraq getting back into the market, and enthusiasm for the company's report and accounts which were released over the weekend.

Other oil issues were also stronger. Shell Transport improved 9 to 861p.

Lucas bid talk

Motor engineer Lucas Industries shot forward almost 4 per cent in heavy volume as bid speculation elbowed a dull set of interim results firmly into the background.

With chief executive Mr George Simpson clearing his desk ahead of a possible autumn departure for electronics giant GEC, Lucas was said to be once more in play.

Names in the frame yesterday included leading UK conglomerate BTR and German giant Siemens. There was also said to be heavy betting on a US predator, with some analysts pinpointing a possible drive by groups like Varity or Tenneco for Lucas's diesel technology.

Although some analysts were sceptical about a takeover, most agreed that there was something in the wind. "At the very least, Lucas is likely to tee up some strategic partnerships in the medium term," said one sector watcher.

The shares finished 7 higher at 199p in 10m traded in spite of clear signs of profits downgrades following bottom of the range interim results. BZW cut back by £10m to £180m for this year.

TI Group continued to improve as a top cyclical stock with a big stake in the US economy. It added 11 at 487p.

T&N rose 6 to 170p following strong rumours – later denied by the company – that it had taken insurance protection against all or part of its asbestos liabilities.

British Steel moved up 2¼ to a new high of 196¼p in turnover of 9.6m, with sentiment helped by a trading recommendation from Midlands-based broker Albert E. Sharp.

Drugs worries

Worrying signs for some of the pharmaceuticals leaders are developing out of New York. Moves by some big investment funds to shift holdings out of the classic defensive stocks such as pharmaceuticals and into hard hit cyclicals have been gathering pace for a couple of days.

But yesterday the cracks started to show as SmithKline Beecham shed 13 to 659p in an otherwise buoyant market. SmithKline believes the total US holding could be as much as 36 per cent – the highest for more than four years – and as such it is the UK stock most exposed to any sell-off.

The company is keen to raise its US holding further, but some analysts believe the recent consolidation of the shares and Units means the stock will be less attractive to investment funds as the dividend will now be paid in sterling.

US investors are currently more attracted to Glaxo Wellcome, which has a very small institutional profile in the US and has also fallen sharply following recent disappointment over the full-year figures. Additionally, the company has been seeing UK institutions. Glaxo gained 9 at 808p.

Transport leader P&O surged up the Footsie rankings as rumours of a property disposal steamed round the market.

The group is the third largest UK property group, with a portfolio valued at £2.3bn, and yesterday there were suggestions that a big property sale was being teed up.

P&O, which has had a sticky time on the trading front recently, puts out 1995 figures next week, and the group has lately been expanding its public relations base.

The shares, which stood at 637p last June, jumped 17 to 532p for a two-day improvement of 5 per cent.

Contract distributor NFC added 4 at 159p in above average turnover of 2.7m following a buy note from NatWest Securities. The broker claims recovery potential offers strong value. The shares stood at 290p at the beginning of 1994.

Truck rental specialist Dawsongroup tumbled to a new low following a profits warning. The shares were finally 41 down at 205p.

Among smaller groups, James Fisher jumped 25 to 130p following strong profits and a doubled dividend.

Rexam, the paper and packaging group, was the best performing stock in the Footsie as the market responded to the company's full-year figures.

Profits were not beyond the range of analysts' estimates and the prospects for the first six months of this year were not encouraging. But, further out, the chief executive painted a brighter picture which helped the stock gain 15 at 375p – still well below last year's peak of 517p.

Other results also went down well. Publisher Dorling Kindersley climbed 21 to 516p as analysts raised profits forecasts on predictions of 8 per cent margin growth.

Chemicals group Albright & Wilson forged ahead 14 to 185p, with enthusiasm for the figures boosted by the prospects of a share buyback.

Media conglomerate Pearson, which announced figures on Monday, added 14 to close at 678p, with Panmure Gordon issuing a buy note which made a case for a share price fair value of 713p.

There was a two-way pull in catalogue retailer Argos, which announced a special dividend payout and share consolidation earlier this week. The shares ended the session a penny lighter at 637p. Volume in the stock had reached 1.8m by the close.

Several brokers downgraded the stock earlier this week to reflect the impact of the 42p special dividend. However, NatWest Securities remained positive on the shares and advised clients yesterday to "add" to holdings.

It said: "The results and the low risk expansion ventures underline the organic growth and low cost advantages. While short-term share price performance will be dictated by the dividend, further upgrades mean that ex-dividend weakness is another opportunity."

Several retailing issues were said to have benefited from an ABN Amro Hoare Govett recommendation. They included Storehouse, which gained 2 at 336p, and Burton Group, up 1¼ to 143¾p after trade of 4.9m. Other retail stocks in demand included Marks and Spencer, in which volume rose to 6.2m as the shares settled 2½ ahead at 427p, and Dixons, up 8 at 472p.

Shares in household furniture retailer Kingsbury Group jumped 34 to 223p after it announced a sharp increase in full-year profits. The company came to the market last June at 100p a share.

MARKET REPORTERS:
Peter John, Joel Kibazo, Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Mar 19	Mar 18	Mar 15	Mar 14	Mar 13	Yr ago	*High	*Low
Ordinary Share	2759.0	2743.8	2731.4	2758.2	2738.6	2394.2	2807.9	2239.3
Ord. div. yield	3.94	3.96	3.97	3.92	3.96	4.43	4.73	3.76
P/E ratio net	16.31	16.49	16.43	16.61	16.50	16.60	21.39	15.35
P/E ratio nil	16.00	16.17	16.11	16.28	16.16	16.29	22.21	15.17

Ordinary Share index since compilation: high 2788.2 18/01/96; low 49.4 26/06/40. Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2732.9	2734.7	2736.3	2736.5	2734.5	2736.0	2739.4	2741.8	2742.0	2743.9	2732

	Mar 19	Mar 18	Mar 15	Mar 14	Mar 13	Yr ago
SEAQ bargains	41,026	37,132	35,135	36,835	35,085	38,639
Equity turnover (£m)†	–	1303.2	1704.2	2400.8	1961.7	1824.2
Equity bargains†	–	42,070	49,336	42,182	38,842	40,275
Shares traded (ml)†	–	478.6	596.2	779.4	666.1	758.9

†Excluding intra-market business and overseas turnover.

	Mar 19	Mar 18	Mar 15	Mar 14	Mar 13	Yr ago	*High	*Low
FT-SE AIM	977.30	974.90	967.61	966.33	967.70	–	1064.62	965.66

*For 1995/96.

■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	599	Total Highs	182	Total contracts	55,067
Total Falls	382	Total Lows	22	Calls	29,414
Same	1,394			Puts	25,653

Mar.19 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3683.0	3688.0	+26.0	3718.0	3681.0	16798	62851
Sep		3704.0	+26.0	-	-	-	2340

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	4270.0	4270.0	+15.0	4270.0	4270.0	17	3422

■ FT-SE 100 INDEX OPTION (LIFFE) (*3692) £10 per full index point

	3500 C	3500 P	3550 C	3550 P	3600 C	3600 P	3650 C	3650 P	3700 C	3700 P	3750 C	3750 P	3800 C	3800 P	3850 C	3850 P
Apr	192	10½	144½	17	108	28½	71½	41½	44	65	23½	95½	10½	134½	3½	178½
May	205	22½	165	33½	129	48	97½	64	69½	86½	48½	114	30	147½	17½	186
Jun	228	41	187	52½	152	67	120	85	89	102	68	127½	45	158½	28	193
Jul	246½	49½	218	62	177½	78	148	98	122	122½	109½	151½	78	178½	58	211
Dec†	306½	85½			243	120½			187	163			139½	214½		

Calls 6,247 Puts 6,535

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3525 C	3525 P	3575 C	3575 P	3625 C	3625 P	3675 C	3675 P	3725 C	3725 P	3775 C	3775 P	3825 C	3825 P	3875 C	3875 P
Apr	165	13	122½	20½	67	34	53½	50½	30	77	15½	112	6½	152½	2	198
May	186	28½	148	40	112½	54½	82½	74	57	98	37	127½	22½	162	12½	202
Jun	211	50½	176	65	140½	78½	108	95½	78	115½	56½	142	38½	174½	27	211
Sep	253	79½			187	110½			139½	151			88½	206		
Dec†	286	97			235	132			181½	174			138	224		

Calls 4,245 Puts 3,123 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt. paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	32.1	427	408	BZW En (Emrg)	[illegible]					
-	F.P.	1.35	2	2	†Capital & Wstm	[illegible]					
-	F.P.	0.07	5½	3	Clubhaus Wts	[illegible]					
12	F.P.	22.0	16½	14	†Freepages	[illegible]					
-	F.P.	32.1	143	106	†IOC Intl	[illegible]					
100	F.P.	22.6	53	25	Lifl Offices FP	[illegible]					
-	F.P.	67.3	24½	20	M & G Equity Cap	[illegible]					
-	F.P.	5.17	92	88	M & G Equity Div	[illegible]					
-	F.P.	66.6	44	42	M & G Equity Inc	[illegible]					
145	F.P.	109.0	166	145	MacDonald Hotels	[illegible]					
100	F.P.	16.5	105	103	†Prmry Hlth Props	[illegible]					
-	F.P.	199.6	250	241	Schroder UK G Uts	[illegible]					
120	F.P.	36.3	139	123	Stadium Group	[illegible]					
160	F.P.	108.5	188	175	Streamline	[illegible]					
183	F.P.	108.7	230	218	Visual Action	[illegible]					

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Mar 19	% chg on day	Mar 18	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (38)	2230.17	−1.5	2265.25	1867.31	[illegible]	[illegible]	[illegible]	[illegible]
■ Regional indices								
Africa (16)	3077.73	−1.6	3128.31	2868.25	[illegible]	[illegible]	[illegible]	[illegible]
Australasia (8)	2574.37	−1.4	2611.89	2176.99	[illegible]	[illegible]	[illegible]	[illegible]
North America (12)	1937.88	−1.5	1967.43	1569.94	[illegible]	[illegible]	[illegible]	[illegible]

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FT - SE Actuaries Share Indices — The UK Series

	Mar 19	Day's chge%	Mar 18	Mar 15	Mar 14	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3693.0	+0.6	3669.6	3644.8	3691.8	3135.0	4.01	2.14	14.58	38.83	1491.74
FT-SE Mid 250	4274.2	+0.7	4244.5	4227.2	4232.9	3406.7	3.46	1.78	20.88	41.85	1700.37
FT-SE Mid 250 ex Inv Trusts	4305.6	+0.7	4275.9	4258.4	4264.8	3413.6	3.57	1.78	19.57	44.85	1715.48
FT-SE-A 350	1856.2	+0.7	1844.2	1832.8	1847.9	1554.4	3.89	2.05	15.61	19.13	1533.56
FT-SE-A 350 Higher Yield	1814.5	+0.7	1802.2	1793.3	1814.1	1567.3	5.11	1.91	12.81	21.75	1245.81
FT-SE-A 350 Lower Yield	1905.5	+0.6	1893.6	1879.7	1888.7	1541.3	2.76	2.31	18.82	16.82	1312.56
FT-SE SmallCap	2079.20	+0.4	2070.31	2066.92	2084.05	1694.35	3.06	1.79	22.82	8.96	1668.32
FT-SE SmallCap ex Inv Trusts	2065.62	+0.4	2057.31	2054.18	2051.49	1671.82	3.25	1.68	20.45	8.60	1698.12
FT-SE-A ALL-SHARE	1835.38	+0.6	1823.79	1813.18	1826.73	1533.44	3.83	2.04	16.00	18.06	1540.00

■ FT-SE Actuaries All-Share

	Mar 19	Day's chge%	Mar 18	Mar 15	Mar 14	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3385.12	+1.6	3331.89	3302.57	3296.80	2697.08	3.83	1.73	18.79	22.58	1434.39
12 Extractive Industries(6)	4228.39	+0.9	4188.46	4156.65	4185.05	3583.42	3.76	2.39	13.89	95.48	1230.70
15 Oil, Integrated(3)	3430.91	+1.8	3369.02	3337.71	3331.37	2703.03	4.02	1.63	19.01	16.24	1487.35
16 Oil Exploration & Prod(15)	2387.37	+0.5	2372.76	2358.62	2338.84	1887.44	2.16	1.39	41.63	0.00	1417.06
20 GEN INDUSTRIALS(276)	2092.15	+0.5	2082.59	2078.95	2081.53	1830.60	4.01	1.88	16.57	10.55	1129.15
21 Building & Construction(34)	1130.44	+0.1	1129.45	1131.71	1132.69	951.57	3.53	2.03	17.46	2.38	933.38
22 Building Matls & Merchs(29)	1883.02	+0.4	1875.45	1869.24	1883.73	1759.91	3.98	2.00	15.75	0.61	934.83
23 Chemicals(24)	2574.46	+0.8	2554.37	2553.39	2563.02	2182.00	3.87	1.99	16.24	25.74	1211.17
24 Diversified Industrials(21)	1801.30	−0.3	1807.16	1798.34	1806.17	1783.83	5.62	1.50	14.83	13.36	992.29
25 Electronic & Elect Equip(38)	2357.22	+0.4	2347.92	2353.40	2350.06	1930.92	3.06	1.82	22.47	5.81	1212.36
26 Engineering(70)	2381.82	+0.8	2362.16	2363.21	2352.04	1785.29	3.20	2.40	16.28	9.70	1431.71
27 Engineering, Vehicles(13)	2813.83	+1.4	2774.58	2781.14	2759.48	2152.61	3.76	1.80	18.46	24.93	1447.70
28 Paper, Pckg & Printing(26)	2745.32	+1.2	2712.74	2692.42	2696.61	2742.82	3.69	2.03	16.66	12.60	1131.47
29 Textiles & Apparel(19)	1478.44	+0.1	1477.46	1476.71	1476.28	1432.01	4.75	1.64	16.08	7.42	891.14
30 CONSUMER GOODS(91)	3452.41	[illegible]	3462.10	3455.14	3506.13	2939.56	4.06	1.87	16.49	50.92	1271.18
32 Alcoholic Beverages(8)	2774.55	−0.3	2782.79	2754.10	2788.70	2608.36	4.38	1.67	17.08	28.48	981.85
33 Food Producers(23)	2560.94	+0.8	2540.58	2538.57	2548.39	2413.05	4.19	1.75	17.09	16.80	1143.29
34 Household Goods(15)	2570.72	+0.4	2560.14	2546.60	2520.25	2467.81	3.86	2.41	13.47	3.56	986.58
36 Health Care(20)	1922.73	+0.2	1918.91	1915.90	1926.69	1643.44	2.72	1.81	25.38	5.11	1157.43
37 Pharmaceuticals(13)	4823.30	−0.3	4835.85	4840.13	4936.08	3739.22	3.49	1.94	18.50	81.77	1638.26
38 Tobacco(1)	4125.32	−0.1	4129.55	4235.44	4358.27	3815.87	6.16	2.03	9.97	156.18	1006.25
40 SERVICES(253)	2366.68	+0.7	2351.11	2342.26	2361.18	1903.25	2.98	2.09	20.22	17.11	1221.84
41 Distributors(32)	2825.43	+0.2	2818.86	2803.33	2832.46	2385.32	3.74	1.84	18.16	7.72	958.33
42 Leisure & Hotels(23)	2975.58	+0.6	2957.77	2963.55	2985.53	2116.61	2.81	2.15	20.70	117.64	1589.57
43 Media(46)	3915.68	+0.5	3897.74	3885.45	3920.61	2813.83	2.21	2.05	27.63	27.30	1411.58
44 Retailers, Food(15)	1902.86	+1.4	1876.23	1872.78	1899.07	1874.10	3.84	2.40	13.54	3.01	1193.24
45 Retailers, General(43)	1961.48	+0.4	1954.06	1945.81	1952.87	1591.04	3.04	2.21	18.60	5.78	1109.07
47 Breweries, Pubs & Rest.(24)	2960.50	+0.3	2951.00	2918.43	2959.05	2161.93	3.34	2.08	17.99	15.93	1411.76
48 Support Services(49)	2115.81	+1.1	2093.55	2085.77	2096.54	1483.55	2.31	2.53	21.40	4.01	1334.05
49 Transport(21)	2399.89	+1.3	2369.91	2362.89	2398.16	2199.53	3.61	1.41	24.59	6.94	988.48
60 UTILITIES(33)	2453.86	+0.3	2446.14	2424.89	2446.41	2261.75	5.05	2.06	11.89	35.13	1041.30
62 Electricity(12)	2707.44	+0.4	2695.35	2670.44	2684.46	2111.88	5.13	2.60	9.38	137.11	1325.72
64 Gas Distribution(2)	1542.72	+0.4	1536.07	1536.07	1553.05	1950.82	7.77	1.37	11.76	0.00	774.00
66 Telecommunications(7)	2031.48	+0.2	2028.08	2004.97	2024.42	1992.48	4.18	1.76	17.13	0.15	919.57
68 Water(12)	2162.32	+0.5	2152.82	2140.06	2163.82	1767.43	5.64	2.59	8.54	3.61	1172.61
69 NON-FINANCIALS(667)	1955.25	+0.5	1944.77	1937.82	1950.98	1653.00	3.83	1.94	16.80	17.98	1471.85
70 FINANCIALS(108)	2822.27	+1.1	2792.38	2745.45	2779.23	2223.02	4.17	2.57	11.66	39.82	1208.23
71 Banks, Retail(9)	3922.27	+1.2	3874.06	3781.67	3844.65	2936.78	3.85	2.83	11.19	70.15	1278.72
72 Banks, Merchant(6)	3465.43	+1.7	3408.33	3363.23	3366.45	3028.93	2.84	2.31	19.00	4.52	1087.77
73 Insurance(24)	1373.11	+1.2	1357.18	1343.67	1367.58	1244.69	5.69	3.07	7.16	30.89	1028.84
74 Life Assurance(6)	3555.18	+0.7	3530.44	3522.71	3536.71	2529.42	4.15	2.12	14.19	4.31	1450.16
77 Other Financial(23)	2505.43	+0.5	2491.91	2485.86	2491.23	1862.35	3.68	1.88	18.02	19.90	1415.84
79 Property(47)	1444.04	+0.5	1436.18	1420.63	1420.08	1407.36	4.35	1.30	22.10	4.11	878.22
80 INVESTMENT TRUSTS(126)	3092.69	+0.7	3070.38	3059.33	3059.88	2607.97	2.19	1.07	53.36	11.89	1074.35
89 FT-SE-A ALL-SHARE(901)	1835.38	+0.6	1823.79	1813.18	1826.73	1533.44	3.83	2.04	16.00	18.06	1540.00
FT-SE-A Fledgling	1162.93	+0.4	1158.42	1155.21	1152.95	948.81	2.94	2.19	19.44	6.48	1207.16
FT-SE-A Fledgling ex Inv Trusts	1167.51	+0.4	1163.02	1159.67	1157.93	946.93	3.20	2.36	16.55	5.65	1211.19

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3697.4	3696.9	3693.4	3691.5	3689.8	3692.7	3698.8	3700.8	3692.2	3706.4	3685.1
FT-SE Mid 250	4261.0	4265.0	4267.9	4269.0	4269.8	4270.7	4272.1	4275.5	4273.9	4276.0	4261.0
FT-SE-A 350	1856.7	1858.8	1855.7	1855.1	1854.5	1855.7	1858.2	1859.4	1855.9	1861.5	1852.6

Time of FT-SE 100 Day's high: 2:33 PM Day's low: 11:24 AM. FT-SE 100 1996 High: 3781.3 (02/02/96) Low: 2954.2 (23/01/95).

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1128.9	1129.2	1126.7	1127.1	1126.2	1128.2	1128.4	1124.9	1122.4	1122.4	1127.0	−4.6
Pharmaceuticals	4806.8	4815.0	4806.9	4792.6	4774.5	4777.0	4787.8	4778.5	4768.3	4769.2	4782.1	−12.9
Water	2147.7	2150.8	2150.7	2151.6	2149.0	2149.6	2149.5	2152.8	2152.1	2155.1	2145.2	+9.9
Banks, Retail	3980.2	3979.0	3979.5	3971.9	3972.0	3973.5	3988.8	3984.2	3973.7	3972.5	3923.5	+48.8

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues.
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TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	743	417	+3
ASDA Group†	7,600	104½	+½
Abbey National†	3,400	581	+10½
Albert Fisher	1,300	46	
Allied Domecq†	1,900	491	
Anglian Water	511	587	+4
Argos†	1,800	637	−1
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent. All trades are rounded. Source: FT Extel.

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WORLD STOCK MARKETS

EUROPE

PACIFIC

AFRICA

NORTH AMERICA

INDICES

US INDICES

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x Index)							
Mar	1980.0	1975.0	+2.0	1991.0	1972.0	16,148	35,425
Apr	1986.5	1978.5	+2.0	1993.0	1975.0	1,473	5,549
DAX							
Mar	2497.0	2493.5	+10.0	2508.5	2490.0	21,993	-
Jun	2515.0	2512.5	+10.5	2526.0	2510.0	21	-

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
OMX							
Mar	1525.00	1527.00	+15.0	1536.75	1520.00	7,294	17,093
Apr	1526.50	1525.05	+18.75	1536.50	1520.00	2,883	8,013
SOFFEX							
May	-	3596.0	-	-	-	-	708
Apr	3545.0	3599.0	-2.00	3553.0	3545.0	4,908	18,628

** Sat Mar 16: Taiwan Weighted Price 4940.85; Korea Comp Ex 856.58. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ‡ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 19 – 2494.74 +12.18.

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1995. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

FT FREE ANNUAL REPORTS SERVICE

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT3193. Ring 0181 770 0770 (open 24 hours including weekends) or fax 0181 770 3822. If calling from outside UK, dial +44 181 770 0770 or fax +44 181 770 3822. Reports will be sent on the next working day, subject to availability.

TOKYO - MOST ACTIVE STOCKS: Tuesday, March 19, 1996

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Stl Corp	16.5m	343	+5	Sumitomo Mtl Ind	4.5m	313	+3
Mitsubishi Heavy	8.1m	870	+5	Kelyo Bank	3.7m	550	+15
Shinko Electric	8.1m	821	-9	Mitsumi Electric	3.5m	1580	-70
Kawasaki Hvy Ind	6.2m	523	+13	Pacific Metals	3.5m	727	-1
NKK Corp	6.2m	297	+3	Mitsubishi Bank	3.5m	2270	

4:30 pm March 19

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

3:30 pm March 19

NYSE COMPOSITE PRICES

Continued from previous page

1995/96 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
62	35½	SchPl	1.16	2.0	24	10188	58¾	57½	58	
80⅝	60½	Schlmb	1.50	1.9	29	8227	79⅛	77⅞	78⅜	+⅞
29	11¼	Schwab(C)	0.16	0.6	26	3189	27⅜	25⅞	26⅛	-⅞
28⅞	20⅞	SchwMaud				467	27	26⅝	26⅝	+¼
24⅞	11½	SciAtl	0.06	0.3	42	7110	19½	19	19⅛	+⅛
20	15⅛	Scotman	0.10	0.6	11	134	17⅝	17½	17⅝	+⅛
43½	26⅞	Scripps	0.52	1.2	25	342	43	42¾	42⅞	
21½	13⅞	ScudderNsF x	0.02	0.1		124	16¼	15⅞	16¼	+⅛
11⅞	8⅝	ScudderEuF	0.16	1.4		360	11¾	11⅝	11⅝	
20	13⅞	SeaCnB	0.70	4.1		44	17⅛	16¾	17⅛	+1⅛
16¾	14⅝	SeaCt 4625	1.46	9.3		12	15⅝	15⅜	15⅝	+⅛
67¾	23⅞	S'gate			11	6655	59¾	58	58¼	-1⅛
39½	25⅝	Seagrm x	0.60	1.8	22	12090	33⅜	32½	33	-¼
22½	15¼	Seagull En			102	3035	20⅜	20	20¼	+¼
32⅝	18	Sealed Air			25	2488	32⅜	30¾	32¼	+1⅝
51⅛	30⅞	SearsR	0.92	1.8	13	8735	u51½	50⅝	51	+¼
22¼	16⅞	SecCapSBI	1.24	5.7	25	255	21¾	21⅝	21¾	
13	10⅞	Seligm Sel x	0.84	6.7		22	12½	12⅜	12½	+⅛
38¼	13⅞	Sensormat	0.22	1.0	78	4049	23⅝	21¾	22	-1⅞
35⅝	21⅞	SequaA	0.60	1.8	59	281	34½	33¾	33¾	-⅞
41⅝	23	SequaB	0.50	1.2	72	z100	41¾	41¼	41¼	-¼
48	28¼	ServCp	0.48	1.0	26	1933	47¼	47¼	47⅝	+⅛
33½	21½	Svhstr	0.96	3.1	14	241	31½	31⅛	31¼	-⅛
7⅞	4⅛	ServMerch			10	4430	5⅜	5⅛	5¼	-⅛
57½	22½	SGSThm			9	2326	38⅝	37½	37½	-⅞
17⅞	10⅝	Shaw Ind	0.30	2.8	25	2550	11¾	11½	11¾	
13⅝	7⅞	Shelby Wil	0.28	2.6	14	55	11¼	11	11⅛	
83½	64¼	ShellTr	3.30	4.1	17	683	80¾	80⅛	80¾	+½
45⅞	32	SherW	0.70	1.6	18	1029	43⅛	42¾	43⅛	-⅞
13½	7⅞	Shoneys			14	599	8⅝	8½	8⅝	
29⅞	13½	Showboat	0.10	0.4	30	491	25⅜	25¼	25¼	
24⅝	18½	Sierra Pac	1.18	4.9	12	656	d24⅝	24¼	24¼	-⅛
8⅛	5¼	SignalApp			1	6	6⅝	6⅝	6⅝	[illegible]

3:30 pm March 19

NASDAQ NATIONAL MARKET

3:30 pm March 19

AMEX COMPOSITE PRICES

AMERICA

Dow fails to sustain an opening rise

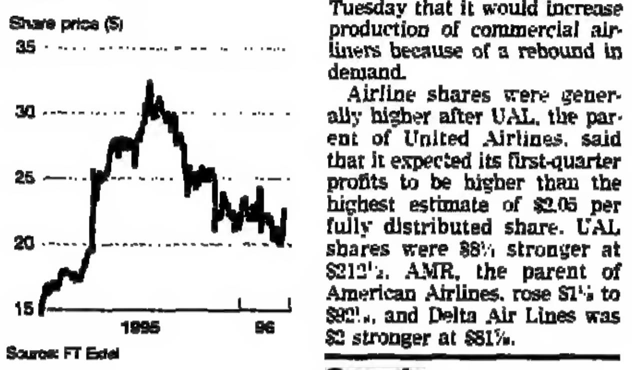
Wall Street

US share prices were mostly flat in volatile trading at midsession yesterday as technology shares gave up some of the strong gains made over recent sessions, *writes Lisa Bransten in New York.*

The Dow Jones Industrial Average jumped nearly 27 points at the opening bell to cross the 5,700-point level for the first time, but the index proved unable to hold on to the gain, and quickly retreated into negative territory.

By 1 pm blue chip shares were off 0.72 point at 5,682.88. The Standard & Poor's 500 was just 0.02 ahead at 652.67 and the American Stock Exchange composite added 0.24 at 565.02. New York SE volume was 260m shares.

Engelhard



Source: FT Extel

The Nasdaq composite slipped 3.21 to 1,111.21 and the Pacific Stock Exchange technology index was 0.8 per cent lower. The Nasdaq has risen over the past four sessions on easing fears of a slowdown in personal computer and semiconductor sales.

Declining technology shares on the Nasdaq included Broderbund Software, off $3¼ at $39⅝, Applied Materials, $1 lower at $36½, and Lam Research, which slipped $1½ to $37¾.

On the NYSE, IBM lost $1½ at $122⅞. Digital Equipment dropped $2¼ to $66¾ and Micron Technology was $1⅛ lower at $33¼.

Philip Morris continued the drop that began last Wednesday after the Liggett Group announced that it planned to settle its part of litigation filed against all the major US tobacco groups. Since Wednesday the shares had weakened $11⅛ and yesterday they lost a further $4, bringing the share price to $87⅛.

Engelhard picked up $1⅛ to $22⅞ as Smith Barney upgraded its rating on the special materials and precious metals group.

The Dow got some support from a second consecutive jump in Boeing. The aircraft manufacturer added $2⅛ to Tuesday's increase of $4⅞, bringing the shares to $87⅞. The company announced on Tuesday that it would increase production of commercial airliners because of a rebound in demand.

Airline shares were generally higher after UAL, the parent of United Airlines, said that it expected its first-quarter profits to be higher than the highest estimate of $2.05 per fully distributed share. UAL shares were $8½ stronger at $212½. AMR, the parent of American Airlines, rose $1½ to $82⅛, and Delta Air Lines was $2 stronger at $81⅞.

Canada

Toronto was higher in midsession trade, although investors remained uncertain over the outlook for the heavily weighted golds sector. The TSE 300 composite index was 8.59 ahead at 4,969.00 in volume that picked up to 42.9m shares.

International Forest Products firmed C$⅛ to C$13⅛ in heavy turnover.

Gulf Canada Resources moved up C$⅛ to C$6⅞ in further response to Monday's news that an Indonesia unit, Asamera South Jambi, had made a natural gas discovery in south Sumatra that flowed 35.5m cubic feet per day of raw natural gas from four geological zones.

Rate cut aids Mexico

Mexico City was higher after a sharp drop in domestic interest rates, and by midsession the IPC index stood 24.98 to the good at 2,899.30.

In New York, UBS Securities upgraded its position on Mexican stocks to overweight, saying that it was bullish on the Mexican economy in the medium term. UBS added that Mexico's market was trading at a lower 1996 p/e ratio than that of Brazil, where it expected investors to trim their positions marginally in case President Fernando Henrique Cardoso's reforms faced increasing opposition.

SAO PAULO edged down as Brazilian stock exchanges suspended trade in Banco do Brasil ahead of today's board meeting to approve the 1995 results.

Press reports had forecast that the bank would announce a R$4bn loss. The Bovespa index, meanwhile, was 82.64 points lower at 48,787.

S African tobacco issues weak

Johannesburg's gold shares bounced off the day's lows to end only slightly down as sentiment and activity improved in the afternoon following a brief rise in the bullion price.

Industrial stocks had a day of fluctuating fortunes, opening higher and then easing before they, also, received a late fillip from the firmer gold price.

The overall index ended 6.2 softer at 6,645.8, industrials edged up 2.8 to 8,237.9 and golds shed 13.7 to 1,738.7.

Analysts said the tobacco-related shares, Rembrandt and Richemont, were pressured by news of a possible additional 5 per cent tax to be levied on cigarette sales to fund a programme to help smokers kick the habit.

Richemont posted its second consecutive R1.75 loss at R52.50 and Rembrandt fell R1.25 to R35. De Beers gained 50 cents at R122.50 and Anglos surrendered R1 to R243.

EUROPE

Ericsson, Astra help Stockholm to all-time high

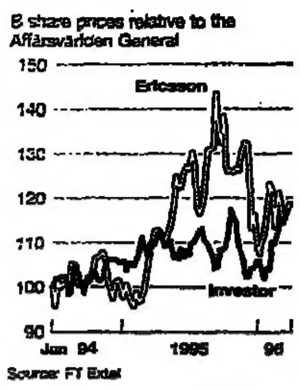
Strong advances in Ericsson and Astra took **STOCKHOLM** to another all-time high, with the general market supported by the central bank's repo rate cut early in the day and Wall Street's overnight sprint. The Affärsvärlden General index rose 18.3 to 1,927.0.

Ericsson B jumped SKr5 to SKr154.5 on strong international interest after the company's announcement on Monday of two orders totalling more than SKr4bn and on speculation that it would exceed its goal of winning 30 per cent of the personal communications systems market in the US.

In pharmaceuticals, Astra put in a strong performance, rising SKr6.5 to SKr311.5 as investors returned to the stock after its recent losses.

Investor, the industrial investment group, continued to gain ground as analysts concluded that the valuation of its soon to be floated Scania truck unit was higher than expected, but fair. Investor B shares moved ahead SKr5 to SKr272.

Terra Mining leapt SKr16.5 to SKr123.5 on a test drilling indicating more than 7m tonnes of open cast ore containing some 12 tonnes of gold.



Source: FT Extel

FRANKFURT attacked 2,500 again, but subsided after a brief afternoon breakthrough to close with the Dax index up 12.19 at an Ibis-indicated 2,484.74 in turnover of DM11bn.

Ms Barbara Altmann at B Metzler in Frankfurt saw little conviction in the day's gains. Waning enthusiasm for drugs shares and chemicals, she noted, had left Schering down DM5.70 or 4.8 per cent at DM112.80, and BASF and Hoechst off DM7.80 and DM3.60 at DM397 and DM502.80 respectively.

Schering had an analysts' conference in London yesterday, said Mr Mark Tracey at Goldman Sachs, and observers had concluded that the stock was running ahead of the fundamentals.

The day's winners, said Ms Altmann, suggested a search for renewed momentum as chemicals ran out of impetus. Mannesmann, up DM10.90 at DM532.40, had nothing in particular in its favour, and there was a weighting of big defensive stocks, in Deutsche Bank, RWE and Allianz, which found little support in bunds.

In second-liners, Escada, the clothier, reported doubled profits and dividend after hours; its shares had shot forward DM22 to DM263 in anticipation.

PARIS failed to live up to Monday's hopes for Michelin and Renault. The tyremaker fell FFr4.60 to FFr234.50 as traders picked on points of detail in a good set of results, and decided to take profits. Renault eased FFr2.50 to FFr144, offering a drop in profits, and a car division loss after the close.

The CAC-40 index closed just 2.18 higher at 1,967.20. Other fallers included Canal Plus, down FFr17 at FFr1,070, and also due to report full-year figures after the close. On the plus side, Total rose FFr7 to FFr331 after an oil find off Venezuela, and Air Liquide recovered FFr16 to FFr876 after Monday's reports of deaths in a Texas hospital where the company supplies oxygen.

FT-SE Actuaries Share Indices

Mar 19								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1605.63	1605.08	1605.70	1606.45	1607.38	1608.82	1609.19	1608.85
FT-SE Eurotrack 200	1675.55	1675.25	1673.28	1674.80	1674.28	1676.98	1678.82	1678.03

	Mar 18	Mar 15	Mar 14	Mar 13	Mar 12
FT-SE Eurotrack 100	1592.22	1583.14	1580.06	1578.49	1572.85
FT-SE Eurotrack 200	1661.08	1651.94	1653.04	1648.57	1643.53

Base value 1000 (26/10/90); High/day: 100 - 1610.05; 200 - 1681.32 Low/day: 100 - 1604.85 200 - 1672.58. † Partial.

ZURICH looked to industrials as the SMI index picked up 21.5 to 3,605.1.

Roche certificates rose SFr140 to SFr9,600 on speculation that the company would release results earlier than the expected date of April 24, and Ciba registered gained SFr17 at SFr1,419. Clariant added SFr11 at SFr413 on renewed investor interest in the chemicals sector. Georg Fischer bearers finished SFr18 weaker at SFr1,457, having rebounded from an early SFr1,430 after the 1995 results proved slightly below expectations.

Swissair added to Monday's SFr40 rise with another of SFr33 to SFr1,191 as the new chief executive of Sabena, in which the Swiss airline has a 49.5 per cent stake, said he wanted to reach financial break-even by 1998.

AMSTERDAM hit another peak, the AEX index closing 3.11 higher at 527.93. Tech stocks reflected overnight sector gains in the US: Baan, the computer company, surged Fl 8.40 to Fl 102.80; ASM Lithography put on Fl 1 at Fl 70.80; and the printer and copier maker Oce van der Grinten, perceived as a high-tech stock, climbed Fl 3.20 to Fl 138.50.

Financial technology lifted cablemaker NKF, which rose Fl 14.20 to Fl 317 after Monday's news that 14 per cent of the equity would be converted to preference shares, raising earnings by a pro-forma 6 per cent. However, disappointing profits from Ten Cate left the textiles and plastics manufacturer Fl 2 easier at Fl 68.50.

MILAN was modestly higher but in thin trade as investors awaited today's preliminary inflation data for March, and the Comit index finished 3.27 ahead at 594.02.

Telecom Italia rose L54 to L2,513 after the strong results announced late on Monday, but Stet, the telecommunications holding company, was flat, down L2 at L4,518, as the market awaited its results.

BRUSSELS extended its recovery from last Friday's losses, the Bel-20 index closing 19.42 higher at 1,682.01, and UCB, the pharmaceuticals group, rising 2.5 per cent to BFr51,300 on US sales prospects for its Zyrtec drug.

COPENHAGEN slipped for the second day running on disappointment with TeleDanmark's results and prospects, the KFX index relinquishing 0.58 to 108.70, with the telecom major finishing another DKr25 lower at DKr300.

HELSINKI celebrated a recovery in the forestry sector, up 3.7 per cent ahead of a five-for-one share split from Metsa-Serla, which moved ahead FM7 to FM151. The Hex index closed 28.05 or 1.5 per cent higher at 1,899.78.

Written and edited by William Cochrane and Michael Morgan

ASIA PACIFIC

Hong Kong up 2.6%, Nikkei in fourth straight gain

Tokyo

Monday's surge on Wall Street and a decline in the yen boosted investor confidence, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average closed 157.47 higher at 20,442.60, its fourth consecutive rise, after moving between 20,333.37 and 20,614.91. The Topix index of all first section stocks rose 10.94 to 1,569.73 and the Nikkei 300 by 2.26 to 294.17.

Volume was 430m shares, against 375.4m. Overseas and domestic investors bought steel, shipbuilder and construction stocks, while short-covering in banks also lifted activity as advances led falls by 712 to 323, with 174 issues unchanged.

In London the ISE/Nikkei 50 index put on 5.07 at 1,377.15.

Early in the day the 225 index rose above 20,500 for the first time since February 21, thanks to futures-led, arbitrage trading. Hopes of a breakthrough in the political impasse over the government's housing loan bailout scheme also strengthened sentiment. However, profit-taking ahead of a national holiday today eroded some of the initial gain.

Large-capital steels gained ground on active buying. Some investors believed that purchases by domestic investors in the new fiscal year starting next month would be centred around large-capital blue chips, including steels and shipbuilders. Nippon Steel, the day's most active issue, added Y5 at Y343, while Mitsubishi Heavy Industries rose Y13 to Y823.

The yen's weakness helped technology shares. Toshiba advanced Y24 to Y794 and NEC Y40 to Y1,190. Mitsumi Electric, which fell heavily on Monday on reports of a sharp earnings decline, slid Y70 more to Y1,580.

Bank issues rose on buying by domestic institutions expecting an imminent agreement between the ruling coalition and opposition parties over the budget bill. Sumitomo Bank was up Y50 to Y1,340 and Daiwa Bank Y20 to Y758. Foreigners bought property and construction stocks. Mitsui Fudosan firmed Y50 to Y1,340.

The Nihon Keizai Shimbun, the business daily which issues the Nikkei indices, said it would replace Bank of Tokyo – which is to merge with Mitsubishi Bank in April – with Chubu Electric Power as a component of the Nikkei 225 index from March 25. The company also announced that the Bank of Tokyo will be replaced by Shimadzu, a precision equipment maker, in the Nikkei 300 index.

In Osaka, the OSE average rose 165.70 to 21,551.08 in volume of 148m shares.

Roundup

Wall Street's overnight rise took **HONG KONG** up 2.6 per cent, the Hang Seng index closing 279.22 higher at 10,880.50. Turnover remained relatively slow at HK$5bn, analysts noting continued worries over China's live-fire military exercises in the Taiwan Strait.

Major property shares led the gains. Sun Hung Kai, with interim results due today, jumped HK$3 to HK$70.25 after winning a large site in Monday's land auction. Henderson Land, its partner in the bid, rose HK$1.75 to HK$55.

Sino Land, which won two other lesser sites at the auction, climbed 50 cents to HK$7.55 on talk of a covered warrant issue. Cheung Kong gained HK$2 at HK$54.

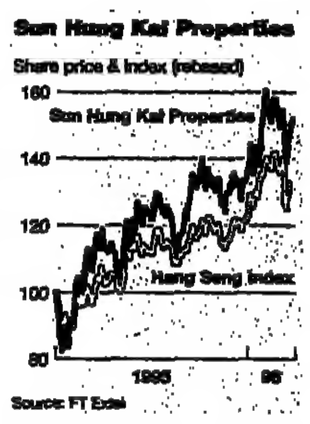
TAIPEI edged ahead for the fifth consecutive session as subsiding concern over China's continuing war games in the Taiwan Straits was countered by profit-taking. The weighted index put on 5.90 at 4,950.32 in weak turnover of T$24.8bn.

The recently underperforming electronics sector picked up 1.4 per cent. United Microelectronics moved ahead T$1.5 to T$39 on reports of rising D-Ram prices overseas. Mosel advanced T$2.5 or 4.2 per cent to T$61.5.

SINGAPORE saw property shares and selected blue chips purchased. The Straits Times industrial index ended 23.85 higher at 2,365.30.

City Developments topped the actives list, rising 60 cents to close at the day's high of S$11.80 after 5m shares were traded at S$11.70 in the late afternoon. DBS Land added 45 cents at S$5.45 on an upgrade from Kim Eng, but the broker said the company's 1995 results fell far short of expectations.

Sun Hung Kai Properties



Source: FT Extel

Singapore Press foreign attracted strong interest in active trade and touched a high for the year of S$29.50 before finishing at S$29.40, up S$1.30.

SYDNEY was supported by Wall Street and merger activity which took the All Ordinaries index up 21.7 to 2,256.3.

Metway rose 35 cents to A$4.70 after it announced a merger with St George – which closed 32 cents lower at A$9.10, the market reckoning that the merger would halt any attempt by National Australia Bank to make a bid.

SEOUL edged higher as individual investors re-entered the market to buy blue chips. The composite index rose 5.63 to 860.09 as volume hit 20.7m shares. Analysts noted that an announcement that the stock transaction tax would be cut to 0.3 per cent from 0.45 per cent from April 1 gave the market a momentary shot in the arm.

Samsung Electronics led the blue chip gains, rising Won2,700 to Won91,500.

Petrochemical stocks were also higher, reflecting a rebound of product prices overseas. Hanwha Chemical gained Won300 at Won11,900 after touching a limit high for the day of Won12,200.

MANILA advanced for the fourth straight session but the composite index failed to stay above 2,900 as investors quickly cashed in on their gains. The index settled 16.93 up at 2,875.42, after reaching 2,905.88.

Against the trend the oils sector retreated, while the property, mining and commercial-industrial groups notched up advances.

BOMBAY ran into speculative selling after the anxiously awaited news that the Election Commission would decide on poll dates after the market had closed. The BSE-30 index declined 35.34 to 3,256.87 as analysts dismissed the sell-off as a knee-jerk reaction.

JAKARTA speculated in second-liners, and Telkom was actively traded following its 1995 results last Friday. The JKSE composite index rose 8.49, or 1.5 per cent, to 587.35.

BANGKOK looked for blue chip bargains as the SET index climbed 7.07 to 1,284.08, most of that in the last two minutes. Thai Airways rose Bt1 to Bt52 as it signed a contract with Boeing to buy six B777-300 aircraft for Bt26.25bn.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of lines of stock	MONDAY MARCH 18 1996: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY MARCH 15 1996: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (87)	158.05	0.0	[illegible]	[illegible]	[illegible]	170.25	0.0	4.02	158.03	132.69	112.56	151.96	171.21	202.74	158.79	163.45
Austria (24)	181.62	0.7	175.87	[illegible]	[illegible]	[illegible]	0.6	1.62	180.25	175.49	[illegible]	158.40	[illegible]	199.23	162.11	192.28
Belgium (33)	205.65	1.1	[illegible]	[illegible]	[illegible]	[illegible]	1.0	3.61	203.64	[illegible]	136.32	156.27	152.02	215.51	174.35	180.87
Brazil (28)	152.88	0.5	147.96	102.44	117.17	277.43	0.5	1.74	151.90	147.80	101.68	116.56	275.00	[illegible]	107.35	112.04
Canada (121)	150.73	0.6	[illegible]	105.02	[illegible]	[illegible]	0.3	2.44	155.92	151.60	104.31	113.57	152.99	156.71	129.95	129.95
Denmark (33)	293.92	-0.1	284.51	[illegible]	225.26	227.74	-0.2	1.58	294.25	285.31	[illegible]	225.79	228.26	[illegible]	252.41	292.79
Finland (24)	186.59	[illegible]	[illegible]	[illegible]	142.01	[illegible]	0.9	2.73	184.14	179.12	[illegible]	[illegible]	178.54	[illegible]	171.13	187.08
France (98)	187.29	0.8	181.36	125.57	143.62	148.29	0.6	[illegible]	[illegible]	180.91	124.45	142.67	[illegible]	[illegible]	167.70	159.22
Germany (60)	171.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.96	170.59	156.26	114.45	[illegible]	[illegible]	170.79	142.25	151.24
Hong Kong (59)	417.23	0.4	403.87	277.59	[illegible]	[illegible]	0.4	3.47	415.66	404.44	278.25	318.96	412.59	451.19	322.37	345.64
Ireland (16)	[illegible]	0.4	[illegible]	[illegible]	[illegible]	231.26	[illegible]	3.47	258.13	251.16	172.73	[illegible]	[illegible]	265.70	206.24	206.24
Italy (59)	[illegible]	0.5	70.97	[illegible]	[illegible]	[illegible]	-0.7	1.95	[illegible]	71.14	48.94	[illegible]	[illegible]	[illegible]	65.45	65.45
Japan (482)	[illegible]	0.4	[illegible]	[illegible]	113.77	[illegible]	0.5	0.77	[illegible]	145.90	99.02	[illegible]	95.02	164.62	[illegible]	146.17
Malaysia (107)	[illegible]	-0.1	519.77	359.52	411.54	[illegible]	-0.4	1.65	535.80	524.26	360.67	417.45	527.14	561.96	425.77	477.31
Mexico (18)	1104.48	1.5	1069.12	[illegible]	846.40	[illegible]	1.4	1.52	1082.22	1058.96	728.46	[illegible]	[illegible]	[illegible]	631.51	691.51
Netherlands (19)	264.21	0.8	275.11	190.45	217.82	212.96	0.7	3.24	251.98	274.07	188.76	215.58	212.47	[illegible]	225.30	231.90
New Zealand (13)	81.46	-1.2	78.84	[illegible]	62.45	[illegible]	-0.9	4.73	82.46	80.24	55.27	63.23	64.04	86.49	72.09	73.71
Norway (33)	240.62	[illegible]	[illegible]	161.20	184.42	209.74	0.9	2.08	[illegible]	201.72	159.41	182.74	[illegible]	243.75	205.19	210.77
Singapore (44)	[illegible]	-1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.48	434.58	422.46	290.91	[illegible]	[illegible]	459.21	[illegible]	356.12
South Africa (45)	[illegible]	-1.1	372.14	[illegible]	295.82	332.04	-1.0	3.14	390.24	379.81	261.30	299.57	335.34	427.76	329.21	342.12
Spain (37)	[illegible]	1.2	[illegible]	[illegible]	[illegible]	156.72	1.9	2.89	164.31	160.26	110.32	126.47	[illegible]	[illegible]	124.10	125.90
Sweden (46)	344.45	3.0	333.42	[illegible]	[illegible]	342.54	2.0	2.40	334.24	325.02	223.81	256.96	[illegible]	344.45	232.20	207.35
Switzerland (39)	240.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.7	1.57	[illegible]	237.59	162.45	187.37	[illegible]	246.50	176.18	178.38
Thailand (46)	179.54	1.0	175.01	[illegible]	134.61	170.09	1.4	1.91	173.41	169.73	115.09	[illegible]	169.30	193.95	134.02	134.02
United Kingdom (205)	[illegible]	1.2	[illegible]	[illegible]	174.81	[illegible]	0.7	4.24	225.09	219.01	150.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
USA (631)	[illegible]	1.5	257.99	[illegible]	204.21	[illegible]	1.5	2.17	262.23	255.16	175.54	201.03	262.23	[illegible]	[illegible]	202.51
Americas (775)	[illegible]	1.5	[illegible]	160.31	191.22	204.26	1.5	2.17	[illegible]	[illegible]	[illegible]	190.62	[illegible]	245.54	[illegible]	184.88
Europe (726)	200.00	1.0	[illegible]	137.27	[illegible]	[illegible]	0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	172.79	173.51
Nordic (135)	[illegible]	2.5	[illegible]	197.24	225.58	[illegible]	1.4	[illegible]	289.43	280.65	[illegible]	221.00	[illegible]	[illegible]	[illegible]	230.31
Pacific Basin (802)	161.54	0.3	156.37	[illegible]	123.81	[illegible]	0.4	1.22	161.09	156.74	[illegible]	[illegible]	[illegible]	[illegible]	148.86	153.70
Euro-Pacific (1556)	179.59	0.5	[illegible]	[illegible]	[illegible]	[illegible]	0.5	2.11	[illegible]	174.64	119.56	136.94	[illegible]	183.39	158.92	161.79
North America (752)	259.72	1.6	[illegible]	[illegible]	199.07	259.03	1.6	2.13	255.65	248.75	171.13	[illegible]	254.37	[illegible]	197.36	198.01
Europe Ex. UK (521)	[illegible]	0.8	[illegible]	[illegible]	[illegible]	[illegible]	0.6	2.49	[illegible]	[illegible]	124.40	142.94	150.36	[illegible]	153.44	156.03
Pacific Ex. Japan (350)	282.40	0.0	273.37	189.24	216.44	245.82	0.0	3.64	282.47	274.95	189.09	[illegible]	[illegible]	297.56	232.75	237.11
World Ex. US (1750)	[illegible]	0.6	[illegible]	[illegible]	[illegible]	[illegible]	0.5	2.14	[illegible]	175.00	[illegible]	[illegible]	[illegible]	[illegible]	159.65	162.10
World Ex. UK (2175)	[illegible]	1.0	[illegible]	[illegible]	[illegible]	170.15	1.0	1.99	[illegible]	197.36	136.12	[illegible]	[illegible]	207.54	[illegible]	171.80
World Ex. Japan (1899)	[illegible]	1.2	[illegible]	[illegible]	[illegible]	205.67	1.1	2.55	[illegible]	[illegible]	[illegible]	181.80	[illegible]	[illegible]	191.14	191.35
The World Index (2381)	[illegible]	1.0	[illegible]	[illegible]	158.03	174.62	1.0	2.15	[illegible]	199.78	137.45	[illegible]	[illegible]	[illegible]	[illegible]	174.24